ANNUAL REPORT 2003

THE REGIONAL MUNICIPALITY OF DURHAM
ONTARIO, CANADA

for the year ended December 31, 2003

DURHAM REGION

Service Excellence for our Communities

Town of Ajax • Township of Brock • Municipality of Clarington • City of Oshawa • City of Pickering • Township of Scugog • Township of Uxbridge • Town of Whitby

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Prepared by the Finance Department, Regional Municipality of Durham.
60 Bond Street West, Oshawa, ON L1H 8B6
Tel.: 905-571-3311 Fax: 905-571-7460
Durham Region Headquarters is located at:
605 Rossland Road East, Whitby, ON L1N 6A3
Tel.: 905-668-7711 Toll Free: 1-800-372-1102
www.region.durham.on.ca E-mail: info@region.durham.on.ca

WELCOME TO

DURHAM REGION

The Regional Municipality of Durham's abundant land resources, enviable lifestyle, skilled labour force and first-class transportation network, create an ideal location for residents, commerce, and industry.

Characterized by vibrant urban and rural communities and thriving commercial and industrial sectors, Durham is located in the economic centre of Ontario, adjacent to, and east of, the City of Toronto. Durham is part of the Golden Horseshoe, an economic powerhouse stretching around the western end of Lake Ontario. The Region shares prime access to the Great Lakes and north eastern markets of the continent, encompassing over 120 million people.

The Region of Durham is currently enjoying sustained growth as employers and employees discover a wealth of opportunities and an unsurpassed quality of life. There has been a recent dramatic increase in residential development, characterized by a young and skilled labour force. It is estimated that Durham's population increased by approximately 89,500 persons between year-end 1996 and 2003, growing from 477,600 to 567,100 over this period. The population is anticipated to reach approximately 640,600 by year-end 2008.

The Region has long been known for the strength of its manufacturing sector, located primarily in the south. The northern portion of the Region encompasses numerous headwaters and the rolling hills and hollows of the beautiful Oak Ridges Moraine. Here, in addition to bountiful farmlands, you find the prime recreational lands of Lakes Simcoe and Scugog.

High quality municipal services and excellent transportation networks, public utilities, and social, educational, and health infrastructures support the mix of urban and rural lifestyles in the Region of Durham. In 2003, the residents of Durham celebrated the establishment of the University of Ontario Institute of Technology, Canada's newest university, which offers a range of undergraduate degree programs. This addition compliments the full continuum of educational services offered within the Region, preschool to post-secondary.

The municipalities that comprise the Region of Durham are the Cities of Oshawa and Pickering, the Towns of Ajax and Whitby, the Municipality of Clarington and the Townships of Uxbridge, Scugog and Brock.

Population 2003

Town of Ajax	84,200
Township of Brock	12,800
Municipality of Clarington	78,500
City of Oshawa	150,200
City of Pickering	92,700
Township of Scugog	22,500
Township of Uxbridge	19,400
Town of Whitby	106,800
Durham Region Total	567,100

Source: Durham Region Planning Department.

Key Economic Sectors

- Automotive
- Energy and Utility
- Communications
- Advanced Manufacturing
- High Technology
- Agriculture and Horticulture
- Transportation
- Education and Health
- Travel and Tourism
- Film and Entertainment

Land Area

Durham Region is the largest geographical jurisdiction in the Greater Toronto Area (GTA), stretching from Lake Ontario in the South to just beyond Lake Simcoe in the North. The Region encompasses an area of approximately 2,535 square kilometres (979 square miles).

MESSAGE FROM THE
REGIONAL CHAIR

"...our future strength will lie in working together to achieve our collective objectives. We at the Region will do our part, but achievement of our objectives will require broad-based community cooperation and effort. We look forward to working with you to achieve our common vision."

Roger Anderson, Regional Chair
2003 Community Strategic Plan

The year 2003 marked a turning point for the Region of Durham. While we were tested by emergencies such as the power blackout and the Severe Acute Respiratory Syndrome (SARS) outbreak, we pulled together, met the challenges and learned from our experiences. Our hopes for hosting the ITER project were dashed, yet the opening of the new University of Ontario Institute of Technology offered a whole new range of research and development possibilities. During the year, Regional Council displayed a cohesiveness that allowed progress on a number of difficult issues. These included the development of a new smoke-free bylaw, implementation of improvements to Region-wide transit, and the approval of a new Durham Regional Headquarters facility.

The new administrative headquarters facility will consolidate departments now accommodated in multiple locations throughout the Region. Advantages of the new facility include greater operational efficiencies, financial savings, and improved accessibility and convenience for the Region's many stakeholders. Staff will move into the new facility during the summer of 2005.

Durham Region set its sights on the future with the creation of the first Durham Community Strategic Plan, adopted by Regional Council in July 2003. Based upon input received from citizens, six priorities for action were outlined: strengthening and integrating our transportation system; protecting the environment; ensuring balanced growth and livable communities; supporting safe, healthy and caring communities; building the Region's economy; and, increasing partnerships and government effectiveness. The Community Strategic Plan establishes a framework within which priorities can be achieved in an integrated and focused manner.

While all objectives of the Community Strategic Plan are interdependent and vital, there is some urgency around the 'transportation' objective. In December 2003, Regional Council approved the new Durham Transportation Master Plan (TMP), which will be critical to achieving transportation goals. It is an action plan that includes measures to care for and improve the efficiency of our existing transportation network. The TMP includes initiatives to reduce dependence on car travel, improve the transit system, and outline capital investments required over the next 20 years. Considering transit on a Regional scale will enhance and accelerate our ability to create a system that crosses municipal boundaries and meets transportation objectives.

In its thirtieth year, Durham Region can look forward with a heightened sense of optimism. Our Community Strategic Plan and new Regional Headquarters are evidence of a cohesive, modern, and effective organization. At the local level, within Durham, opportunities for cooperation and collaboration have never been greater, and I look forward to working with Regional Council and our partners to meet the needs of our citizens through leadership, cooperation and service excellence.

Roger M. Anderson
Regional Chair

REGION OF DURHAM

REGIONAL COUNCIL

PURPOSE

Regional Council provides leadership and direction to Regional administrative staff, who ensure citizens have access to adequate and efficiently delivered Regional services and infrastructure.

COMPOSITION

Legislative responsibility for the Regional Corporation is vested in the Regional Council, comprised of a Chair plus 28 Regional Councillors. The composition of Regional Council is designed to achieve balanced representation for the eight local municipalities of the Region.

The Mayors of the local municipalities, by virtue of their office, are also Regional Councillors, while other election candidates must declare candidacy for either a combined Regional and Local, or strictly Local office. Regional Councillors serve a three-year term. An election took place in November 2003 and the new Regional Council will serve a term of office from December 2003 to November 2006, when the next election will take place.

REGIONAL CHAIR

The Regional Chair is an ex-officio member of each Regional Standing Committee and is head of, and presides over, all meetings of Regional Council. The Regional Chair is the Chief Executive Officer of the Regional Corporation. An important function of the Regional Chair is to promote and advance the Regional position. The Regional Chair meets regularly with representatives and residents to understand their concerns, and ensure that they are aware of Regional issues and actions.

BOARDS AND AGENCIES - 2003

Regional Council makes several appointments to the Boards and Committees of outside agencies that also provide essential services to the residents of Durham Region.

Regional Councillors chair, or provide membership, to the following committees and outside agencies:

Accessibility Advisory Committee
Durham Agricultural Advisory Committee
Durham Environmental Advisory Committee
Durham, Haliburton, Kawartha and Pine Ridge District Health Council
Land Division Committee
Central Lake Ontario Conservation Authority
Ganaraska Region Conservation Authority
Kawartha Region Conservation Authority
Lake Simcoe Region Conservation Authority
Toronto and Region Conservation Authority
Durham Region Non-Profit Housing Corporation
Durham Region Local Housing Corporation
Regional Transit Implementation Committee
Durham Region Police Services Board
911 Management Board

For additional information on the membership and responsibilities of these Boards, Committees and/or Authorities, please visit the Regional web site www.region.durham.on.ca or contact the Region at 905-668-7711 or toll-free at 1-800-372-1102.

2000-2003

Regional Council and Senior Staff

Front Row (L to R)

Mayor John Mutton (Clarington); Mayor Doug Moffatt (Scugog); Mayor Steve Parish (Ajax); Mayor Nancy Diamond (Oshawa); Regional Chair Roger Anderson; Mayor Terry Clayton (Brock); Mayor Wayne Arthurs (Pickering); Mayor Gerri Lynn O'Connor (Uxbridge); Mayor Marcel Brunelle (Whitby).

Middle Row (L to R)

Councillor Gerry Emm (Whitby); Mr. Alex Georgieff, Commissioner of Planning; Councillor Jim Schell (Clarington); Councillor Jim McMaster (Ajax); Councillor Rick Johnson (Pickering); Councillor Nester Pidwerbecki (Oshawa); Councillor Maurice Brenner (Pickering); Councillor Susan Self (Uxbridge); Councillor Joe Drumm (Whitby); Councillor Pat Perkins (Whitby); Mr. Jack McCorkell, Commissioner of Works; Mr. Garry Cubitt, Chief Administrative Officer; Dr. Robert Kyle, Commissioner and Medical Officer of Health; Ms. Pat Madill, Regional Clerk.

Back Row (L to R)

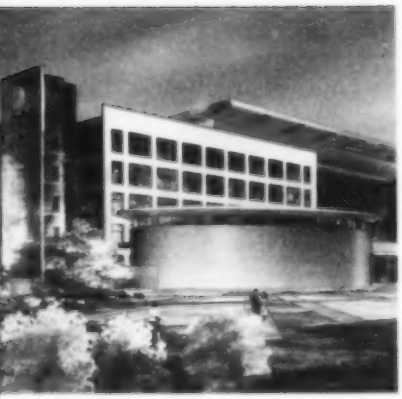
Mr. Jim Clapp, Commissioner of Finance and Treasurer; Mr. Brian Roy, Regional Solicitor; Councillor Warren Young (Oshawa); Councillor Clare Aker (Oshawa); Councillor Cathy Clarke (Oshawa); Councillor Ken Carruthers (Scugog); Councillor Larry O'Connor (Brock); Councillor John Neal (Oshawa); Councillor Mark Holland (Pickering); Councillor John Gray (Oshawa); Councillor Scott Crawford (Ajax); Councillor Charlie Trim (Clarington); Councillor Bob Boychyn (Oshawa).

Absent

Mr. Garth Johns, Commissioner of Human Resources; Dr. Hugh Drouin, Commissioner of Social Services; Mr. Patrick Olive, Commissioner of Economic Development and Tourism; Mr. Ray Briggs, Corporate Information Officer.

2003-2006

REGIONAL COUNCIL AND SENIOR STAFF



FRONT ROW (L to R)

Mr. Patrick Olive, Commissioner of Economic Development; Mayor Keith Shier (Brock); Mayor Steve Parish (Ajax); Mayor David Ryan (Pickering); Mayor Gerri Lynn O'Connor (Uxbridge); Regional Chair Roger Anderson; Mayor Marilyn Pearce (Scugog); Mayor Marcel Brunelle (Whitby); Mayor John Gray (Oshawa); Mayor John Mutton (Clarington).

MIDDLE ROW (L to R)

Mr. Alex Georgieff, Commissioner of Planning; Councillor Robert Lutczyk (Oshawa); Councillor Colleen Jordan (Ajax); Councillor Joseph Kolodzie (Oshawa); Councillor Susan Self (Uxbridge); Councillor Mark Holland (Pickering); Councillor Jim Schell (Clarington); Councillor April Cullen (Oshawa); Councillor Ken Carruthers (Scugog) *; Councillor Nester Pidwerbecki (Oshawa); Councillor Pat Perkins (Whitby); Councillor Joe Drumm (Whitby); Councillor Maurice Brenner (Pickering); Ms. Pat Madill, Regional Clerk; Councillor Gerry Emm (Whitby).

BACK ROW (L to R)

Mr. Garry Cubitt, Chief Administrative Officer; Mr. Jim Clapp, Commissioner of Finance and Treasurer; Mr. Garth Johns, Commissioner of Human Resources; Councillor Charlie Trim (Clarington); Councillor John Neal (Oshawa); Councillor Scott Crawford (Ajax); Councillor Cathy Clarke (Oshawa); Councillor Rick Johnson (Pickering); Councillor Larry O'Connor (Brock); Councillor Brian Nicholson (Oshawa); Dr. Robert Kyle, Commissioner and Medical Officer of Health; Mr. Brian Roy, Regional Solicitor; Mr. Cliff Curtis, Commissioner of Works; Mr. Ray Briggs, Corporate Information Officer; Dr. Hugh Drouin, Commissioner of Social Services.

* Deceased (March 04). Jim McMillen was appointed as Regional Councillor by Scugog Township Council (April 04).

REGIONAL ADMINISTRATION

MANAGEMENT AND REPORTING STRUCTURE

THE COMMITTEE SYSTEM

Regional Council established four Committees, each comprised of seven Councillors. As shown in the chart, the four Standing Committees of Regional Council are:

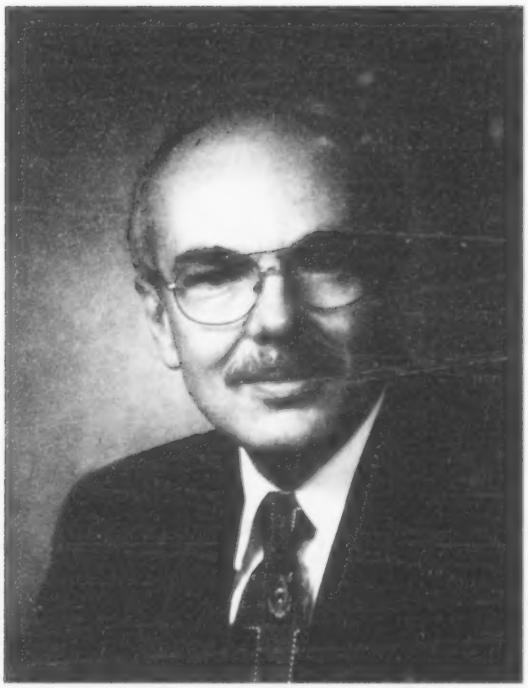
- The Planning Committee
- The Works Committee
- The Health and Social Services Committee
- The Finance and Administration Committee

Committee members are elected by, and from, the membership of Regional Council. The Regional Chair is an ex-officio member of each Committee. Standing Committees meet every three weeks to review policy and formulate recommendations to Regional Council.

THE CHIEF ADMINISTRATIVE OFFICER

The Chief Administrative Officer (CAO) is the most senior staff person in Durham Region and reports to Regional Council. Appointed by Regional Council, the CAO ensures the implementation of Regional Council direction and policy and is responsible for the overall management of the Regional organization.

Regional Department Heads report to the CAO, who ensures coordination between Departments and any relevant outside agencies. Administrative staff, under the direction of the Department Heads and CAO, report to Regional Council through the Committee Structure.



MESSAGE FROM THE

CHIEF ADMINISTRATIVE OFFICER

"We encourage all of our citizens and partners to actively contribute to the achievement of the community's vision. Our "door is open" and we hope to continue to hear from you as we move ahead."

Garry Cubitt,
Chief Administrative Officer
2003 Community Strategic Plan

In 2003, with the development and approval of the Region's first Community Strategic Plan (CSP), residents of Durham informed us of their expectations, of what they think the Region should focus on over the next three to five year period. Regional employees are committed to ensuring the successful implementation of the CSP. While many of the CSP objectives are already components of our way of conducting business, we are excited to move towards full implementation of the vision, mission and objectives provided to us by our citizens.

The CSP is a key focus for the Region's annual business planning cycle. We are not only guided by this process, but by an established CSP implementation plan, and reporting strategy. A set of strategic actions with assigned roles and responsibilities has been developed under each of the key objectives: strengthening and integrating our

transportation system; protecting the environment; ensuring balanced growth and livable communities; supporting safe, healthy and caring communities; building the Region's economy; and, increasing partnerships and government effectiveness. The first Annual CSP Report will be provided to Regional Council, and made available to the public, in the summer of 2004.

Partnerships and cooperation are critical to successful CSP implementation. The participation of local municipalities, school boards, hospitals, businesses, industry, the university and college, community organizations and individual citizens is essential. For example, while there are Region-specific components, supporting a goal like "community well-being" goes far beyond the scope of Regional programs. We all need to get involved together, hence the title given to the CSP, "Growing Together."

In September 2003, Regional Council approved the Region's first "Accessibility Plan," as required under the *'Ontarians with Disabilities Act.'* The goal of this plan is "…to work towards removing barriers for the people of Durham Region as they live, work and play in our community." Staff will continue to work with the new Durham Region Accessibility Advisory Committee, to ensure that all future decisions regarding Regional facilities, programs, services, policies and practices will be made with full consideration of impacts and improvements to accessibility.

A growing population, provincial downloading, new legislation and regulations, and increasing performance standards, have meant an unprecedented increase in the scope and complexity of municipal administration. In 2003, the Region also overcame significant challenges from the power blackout and the outbreak of Severe Acute Respiratory Syndrome (SARS). Our Regional Health Department, and other agencies, demonstrated an extraordinary effort in containing and controlling the SARS outbreak.

I have no doubt that more changes and challenges will come our way in 2004 and beyond, but I am confident that challenges will be met by our staff, who strive to provide the highest quality programs and services to Regional taxpayers, even under difficult circumstances.

Garry H. Cubitt
Chief Administrative Officer

DURHAM REGION AND LOCAL MUNICIPALITIES

Our system of local government consists of two tiers. The Regional Municipality of Durham is the first level, the upper tier, and the eight local municipalities constitute the second level or lower tier. The two-tiered system is designed to retain closeness to the people, while permitting a Region-wide approach to development.

The Regional Municipality of Durham was created January 1, 1974, as a Regional Government in the Province of Ontario, under *The Regional Municipality of Durham Act, 1973*. The Act provided for the formation of the eight local municipalities (The Cities of Oshawa and Pickering, the Towns of Ajax, and Whitby, the Municipality of Clarington, and the Townships of Brock, Scugog and Uxbridge). The current system was created with the annexation and amalgamation of twenty-one former local municipalities.

As issues continue to increase in complexity, and blend in terms of jurisdictional responsibility, and as resources remain limited, municipalities are increasing their efforts to work together, and with others, to provide required services.

Regional Services

The Regional Corporation has responsibility for the following service areas:

- Police Services and 911 management
- Delegated authority for local municipal Official Plans and Amendments
- Water supply, treatment, distribution and billing
- Sewage collection and treatment, and billing
- Main roads, traffic lights and controls
- Emergency measures
- All borrowing of money for the capital expenditures of upper and lower tier municipalities
- Economic development and tourism
- Public Health
- Emergency Medical Services
- Social Services, including Child Care, Long-term Care and Services for Seniors, Family Counselling, Social Housing and Ontario Works Programs
- Provincial Offences Court and Prosecution services and administration
- Solid waste management, diversion and recycling, promotion and education, waste collection (in four local municipalities), processing and disposal
- Strategic land use planning and subdivision/condominium approvals
- Property Taxation policy.

Local Municipal Services

Local municipal councils have responsibility for the following service areas:

- Local planning
- Fire protection
- Property Tax collection
- Licencing
- Local streets and sidewalks
- Parks and recreation
- Building inspection and permits
- Garbage and yard waste collection (in four local municipalities).

"Durham will be a united group of vibrant diverse communities recognized for their leadership, community spirit and exceptional quality of life."

Community Vision

UNITED VIBRANT AND DIVERSE

OUR COMMUNITIES

TOWN OF AJAX

www.townofajax.com

POPULATION: 84,200 AREA: 68 sq. km. (26 sq. mi.)

The Town of Ajax is a thriving community embracing an active, modern lifestyle while preserving a rich history. The Town was named after the HMS Ajax, a famous World War II fighting ship, and the original anchor and ship's bell remain on display in the Town Hall, which rings to call Town Council meetings to order. The Town continues to attract new residents and businesses and, as the first municipality in Ontario to achieve an ISO 9001 designation, Ajax can respond effectively to the needs of the business community. The large number of prestigious firms that call Ajax home demonstrate its pro-business attitude, including, DaimlerChrysler Canada Ltd., Messier-Dowty Inc., DuPont Canada Inc., Lear Corporation and MeadWestvaco Packaging. Ajax is also proud to host the head offices for Nokia and Volkswagen Canada Inc. A new Highway 401 interchange at Salem Road recently opened access to the 1,000 acre Carruthers Creek properties, the largest parcel of new prestigious employment land in the Greater Toronto Area (GTA). The Town of Ajax offers businesses all the advantage of a larger city at a low cost. Furthermore, quality of life is enhanced for residents by the multitude of sporting venues, a bikeway system throughout Town, over 30 parks and conservation areas, and one of the most picturesque stretches of the Waterfront Trail in the Region.

TOWNSHIP OF BROCK

www.townshipofbrock.ca

POPULATION: 12,800 AREA: 426 sq. km. (164 sq. mi.)

An excellent Provincial and Regional road system has attracted many new residents to Brock, who consider the laid back lifestyle well worth a commute to the city. Known as "Durham's Gateway to the North," Brock is bordered by Lake Simcoe and the Talbot River. The Township of Brock encompasses the communities of Beaverton, Cannington and Sunderland, and beckons with pastoral scenery - round hay bales dotting lush green fields, cows huddled under shade trees, rolling hills thick with colourful maples and the Beaver River. In Brock, you can find bed races, a rescued jail and an entire festival dedicated to bass! It's also home to some of the Region's most interesting heritage buildings, fall fairs and festivals, and antique and craft shopping. Brock's maple syrup production is also celebrated each spring when Sunderland hosts a Maple Syrup Festival. Quaint shopping districts in Brock's villages, and the friendliness and warmth for which the area is known, will demonstrate why Brock is known as the "Community with a Heart." Brock's key industries are aggregates, glass production, rope and lace manufacturing, metal fabrication, jewelry and badge mounts and acoustical components. There are industrial parcels within the Township for development.

MUNICIPALITY OF CLARINGTON

www.municipality.clarington.on.ca

POPULATION: 78,500 AREA: 613 sq. km. (237 sq. mi.)

Although known as Ontario's 'vacation heartland,' Clarington is more than just a pretty place. The eastern gateway to the GTA, the Municipality is proud to be home to more than 1,200

Explore our resorts, wildlife areas, parks and conservation areas, boating and fishing, golf courses, hiking trails, shopping areas, hotels, motels, bed and breakfasts, art galleries, sports events and historical sites located throughout Durham Region.

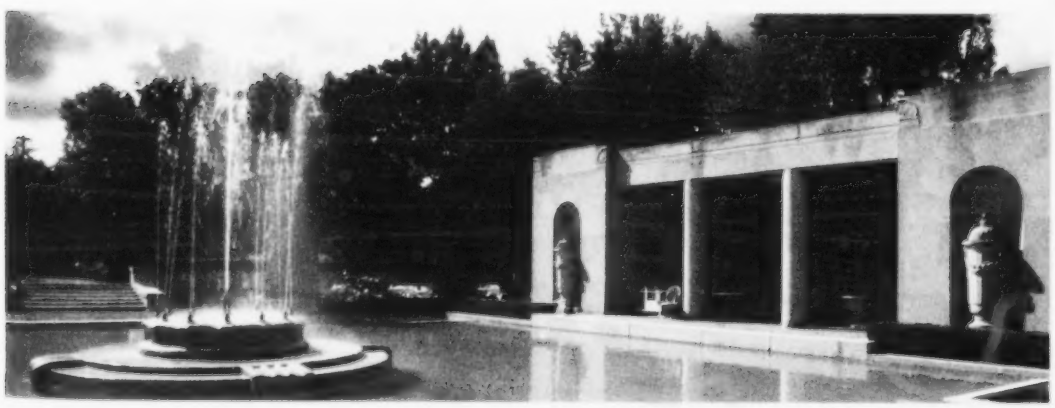
Visit our web site at www.durham.region.on.ca or contact our Economic Development and Tourism Department for more information.

commercial enterprises of remarkably diverse sizes and types. The Clarington Board of Trade, formed in June 1998, works in partnership with the Municipality to ensure continued economic prosperity. Attractive industrial land costs and a quality lifestyle make it easy to recruit skilled employees and expand the economic base. One of the Region's largest employers, Ontario Power Generation's Darlington Nuclear Generating Station, is located in Clarington, and produces enough electricity to serve a city of two million. Darlington Nuclear also has a large wildlife area on its property including wetlands and forests. The Municipality has a breathtaking shoreline, a 17 kilometre stretch of the Waterfront Trail and is very proud of its farming communities, hamlets and major population centres, including Courtice, Bowmanville, and Newcastle Village. Historic downtown shopping districts, new malls, flea markets and auctions co-exist with a beautiful countryside. Go wild or tranquil, in Clarington, the town and country come together!

CITY OF OSHAWA www.oshawa.ca

POPULATION: 150,200 AREA: 147 sq. km. (57 sq. mi.)

The City of Oshawa, already known for its leadership in industry, is now home to Canada's newest university. The University of Ontario Institute of Technology (UOIT) opened its doors in 2003 and is the second largest construction project in Ontario, second only in scope and magnitude to the Pearson International Airport terminal project. Commercial development is occurring at a rapid pace, and significant investment is anticipated to occur as UOIT grows to over 6,500 students by 2010. The City of Oshawa is well known as Canada's automobile industry hub, being home to General Motors of Canada's Autoplex, Canadian Regional Engineering Centre and Canadian Headquarters. Oshawa is a business transportation hub, with excellent highway, rail, air and harbour facilities. The Stevenson Road Highway 401 interchange will enhance commercial and industrial growth, as will the extension of Highway 407 through Durham. Oshawa is more than just business, with a complete range of recreation facilities, and a nationally significant cultural and arts community. The Robert McLaughlin Gallery, museums, live theatre, symphony concerts, and the annual Waterfront Festival and Fiesta celebrations add to the City's cultural



SAMPLE OF ATTRACTIONS

Bowmanville Zoological Park
Cullen Gardens and Miniature Village
Pickering Museum Village
Great Blue Heron Charity Casino
Picov Downs
Mosport International Raceway
York-Durham Heritage Railway
Parkwood, The R.S. McLaughlin Estate
Sunderland Maple Syrup Festival
The Robert McLaughlin Gallery

kaleidoscope. Community pride is reflected in a picturesque 9 kilometre portion of Waterfront Trail, Second Marsh coastal wetland area, Pumphouse Marsh, McLaughlin Bay Wildlife Reserve, and breathtaking floral and landscape displays throughout the city. In the City's urban area, you can see an Oshawa Generals Junior A hockey game and watch the legendary team that nurtured greats like Bobby Orr, or enjoy shopping at specialty shops or the Oshawa Centre.

CITY OF PICKERING www.cityofpickering.com

POPULATION: 92,700 AREA: 232 sq. km. (90 sq. mi.)

The City of Pickering is Toronto's eastern neighbour, offering quality of life, business prosperity and attractive, affordable housing. Highway 401 and the new Highway 407 provide efficient and effective transportation options for both residents and business. A growth management study for lands located north of the City's existing urban boundary is a crucial step towards the creation of a new community, that could result in 90,000 additional residents and 45,000 additional jobs for the City. Meanwhile the Greater Toronto Airport Authority is planning for a proposed reliever airport on federally-owned lands within Pickering. Already recognized as a major energy centre, Pickering is home to Ontario Power Generation (OPG)'s operations, who recently also relocated 450 nuclear engineers and other staff to a new 115,000 square foot facility at Brock and Clements Roads. Recently constructed 'Veridian Centre' in the City's downtown core, which includes Veridian's consolidated billing and call centre, will now soon be joined on the east by a similar sized facility. Pickering's appeal is as diverse for residents and tourists as it is for business, including recreation opportunities from the 10 kilometre Seaton Hiking Trail, the Waterfront Trail and Frenchman's Bay, and the pastoral rolling hills that grace the north. Celebrations, festivals and shopping opportunities abound in Pickering with specialty shops, markets and modern malls.

TOWNSHIP OF SCUGOG www.township.scugog.on.ca

POPULATION: 22,500 AREA: 478 sq. km. (185 sq. mi.)

The Township of Scugog is one of the Region's popular tourist destinations. Port Perry, its major population centre, tempts visitors with a charming downtown and specialty shopping district including Victorian architecture. Several hamlets and villages make for breathtaking sight seeing. Summers sizzle with events like Festival Days and the Highlands of Durham Games. Agricultural fall fairs and farmers' markets are enjoyed. The Township provides fabulous venues for skiing, snowmobiling and fishing. You can gamble on some serious fun at the Great Blue Heron Charitable Casino on the First Nations Mississauga Indian reserve on Scugog Island. For a taste of culture, Port Perry's historic former Town Hall is the site for music and theatre. The Kent Farndale Gallery holds art shows year-round and the Scugog Shores Museum Village hosts festivals and seasonal events. Resident internationally acclaimed inventors, Bill and Paula Lishman may be seen soaring overhead in an ultra-light plane, followed by a 'V' of geese or sandhill cranes. The Nonquon Wildlife Area offers hiking, canoeing and one of the best birding habitats in the GTA and each summer Scugog hosts the traditional "Canoe the Nonquon" competition. Scugog's industry includes manufacturing, woven garments, roof trusses, automotive racks, and motorcycle exhausts. North Port Industrial Park, Reach Industrial Park and Success Industrial Park have zoned acreage ready for development.

TOWNSHIP OF UXBRIDGE www.town.uxbridge.on.ca

POPULATION: 19,400 424 sq. km. (164 sq. mi.)

Just a 20-minute drive from the City of Markham or the City of Pickering, Uxbridge has become one of the Greater Toronto Area's most desired residential locations. History and the arts attract people to Uxbridge, as does its quaint shopping district. Architecturally and historically significant homes, churches and buildings are a draw for both residents and visitors, including the Byzantine style Foster Memorial Temple and the former St. Paul Presbyterian Church Manse in Leaskdale, former home of Lucy Maud Montgomery. The Township's original settlers were Pennsylvania

Quakers and the 1820s meeting house they built is one of the Region's oldest buildings. The Uxbridge-Scott Museum displays historic artifacts in eight beautifully preserved buildings. In 1996, Uxbridge celebrated the grand opening of the York-Durham Heritage Railway, including a fully restored rail station where travelers can board the nostalgic train and enjoy the scenic ride between Uxbridge and Stouffville. The Township is a haven for patrons of the arts and many award-winning artists, authors, musicians, actors and sculptors live here and participate in local events. Uxbridge's economic sectors include aggregates and concrete products, nurseries, metal recycling, food processing, parts manufacturing, automation testing equipment, woodworking and printing. The Uxbridge Industrial Park and other industrial parcels are potential development lands.

TOWN OF WHITBY www.town.whitby.on.ca

POPULATION: 106,800 AREA: 147 sq. km. (57 sq. mi.)

Revitalization, downtown improvements and new business investment continue to make downtown Whitby an important business district. Durham College's Whitby facilities have also recently undergone redevelopment. Three new civic projects are currently underway: a new 54,000 square foot central library, an associated civic square, and renovations to the Centennial Building, which originally opened in 1854. While possessing a sentimental attachment to the past, the community has developed a vibrant and progressive character in the heart of Durham Region. The population of Whitby is anticipated to reach 136,000 by year-end 2008. Recent surges in population have been accompanied by an increase in retail and entertainment development projects, including the Whitby Entertainment Centrum and the Thickson Road/Highway 401 Power Centre. Iroquois Park Sports Centre in Whitby is Canada's largest municipally owned recreation facility, hosting major tournaments and special events. Whitby's six-kilometre stretch of the Waterfront Trail forms a picturesque shoreline for recreation and conservation. With theatres, galleries, sports, festivals and extensive shopping choices, it is difficult to choose from the rich kaleidoscope of activities. Whitby also hosts a strong and diversified

"The Regional Municipality of Durham is situated in the Greater Toronto Area and benefits from its proximity to Canada's most important industrial and commercial centre and large US markets."

Moody's Investors Service Credit Report, December 2004

industrial sector, including the plastics, packaging, pharmaceutical, steel, telecommunications, technology and automotive industries. Industry benefits from affordable and available serviced industrial land and a relatively young and skilled labour force.

DURHAM'S COMMUNITY STRATEGIC PLAN

GROWING TOGETHER

While corporate strategic planning has always been a part of Durham Region's way of doing business, the Community Strategic Plan (CSP), established in 2003 through an extensive public consultation process, is designed to incorporate a broader community vision into specific objectives, strategic actions and desired results.

The new CSP will function as an "umbrella document" and other plans, policies and strategies will support the CSP, as well as take direction from it (e.g. specific service strategies).

The Community Strategic Plan, with its statements of community vision, mission, objectives and strategic actions, establishes a proactive position and communicates desired directions to all of Durham's stakeholders.

Our theme for Durham's CSP is "Growing Together." This theme conveys two meanings: the anticipated growth of Durham's communities; and our commitment to partnership – working together with our citizens, community organizations, businesses and other levels of government to achieve our community vision.

COMMUNITY VISION

Durham will be a united group of vibrant and diverse communities recognized for their leadership, community spirit, and exceptional quality of life.

For more information, or to receive a copy of "Growing Together: Durham's Community Strategic Plan," please visit our web site www.region.durham.on.ca or call:
Tel.: 905-668-7711
Toll Free: 1-800-372-1102

DURHAM REGION'S MISSION

To meet the needs of our citizens through leadership, co-operation and service excellence.

Durham's Strategic Objectives

To protect and enhance the environment.

To strengthen and integrate the transportation system.

To ensure balanced growth and livable communities.

Strategic Community Objectives

To support safe, healthy and caring communities.

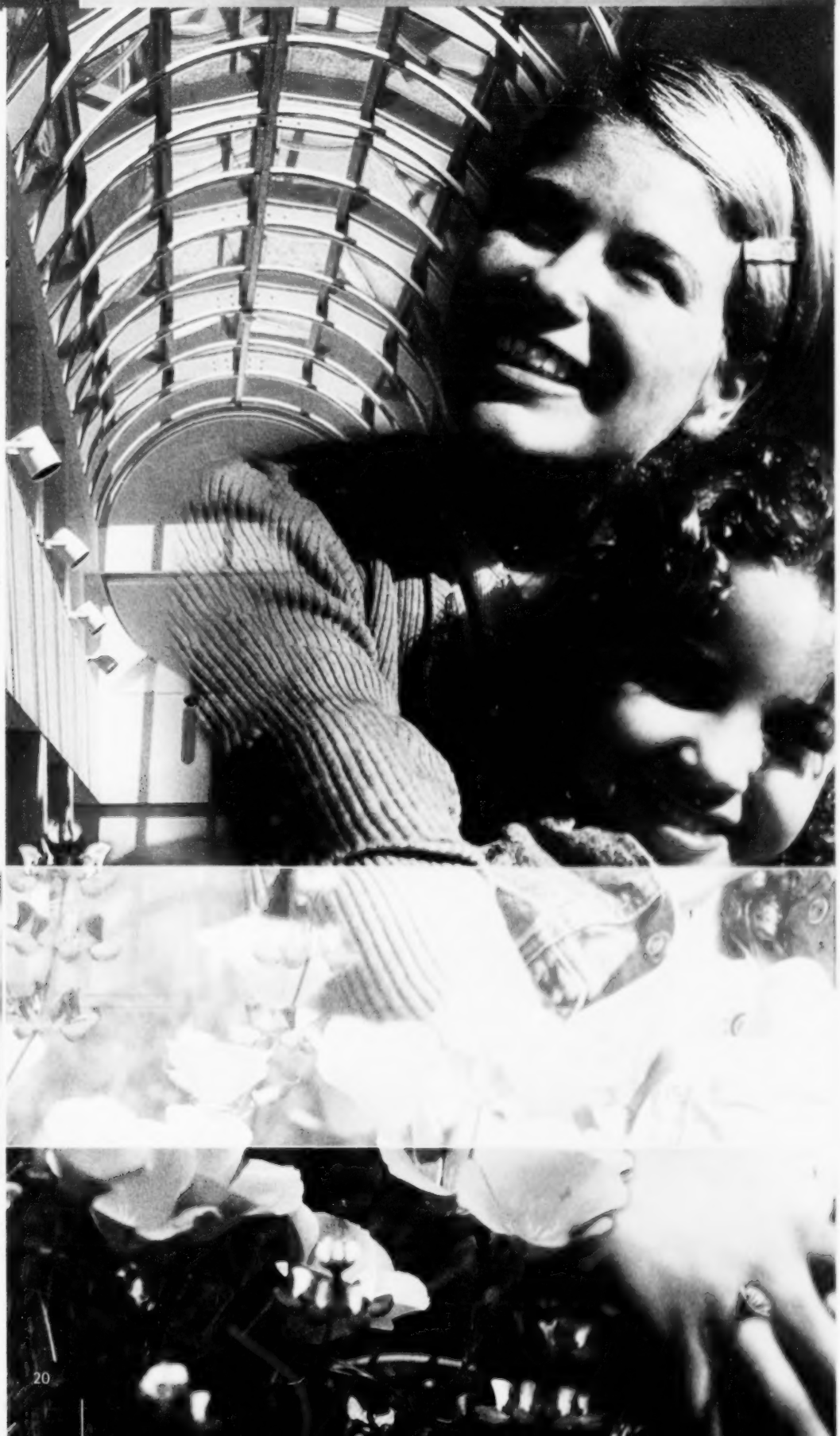
To build the Region's economy.

To increase partnerships and government effectiveness.

Corporate Values/Operating Principles

- Leadership
- Teamwork, Cooperation and Partnerships
- Sound Fiscal Management
- Public Awareness and Accessibility
- Continuous Learning and Improvement
- Respect, Professionalism, Trust and Integrity
- Accountability
- Responsive to Changing Needs
- Quality

"Service Excellence for Our Communities"



"The community vision captures the essence of the kind of community that Durham citizens told us they want to live in 10 or more years from now."
2003 Community Strategic Plan

REPORT FROM THE COMMISSIONER OF FINANCE AND TREASURER

REPORT FROM THE

COMMISSIONER OF FINANCE AND TREASURER

"The Regional Municipality of Durham's AAA credit rating is supported by a long record of sound financial planning, based on prudent assumptions, a steadily growing population and assessment base, and a relatively low debt burden."

Moody's Investors Service Credit Report, December 2003

It is with pleasure that I present the Annual Financial Report of the Regional Municipality of Durham, Ontario, Canada. This report provides financial results for the year ended December 31, 2003.

Durham Region has experienced sustained strong economic growth over several years, which has presented both prosperity and challenges. With 2003, we witnessed yet another banner year, just when we thought we had already seen our economy peak. The total value of building permits issued during 2003, at $1.7 billion, was higher than any other year since the Region was established in 1974, and more than double the Region's historical average. Between the 1996 and 2001 Census, Durham's population growth was more than double the Canadian average. According to the Conference Board of Canada, the Oshawa Census Metropolitan Area (CMA), which includes the Municipality of Clarington, the City of Oshawa and the Town of Whitby, led the country in GDP growth in 2003 at an

astounding 8.9%. This, despite uncertainty created within our economy, influenced not only by the Iraqi war and aftermath, but also by a series of economic 'shocks,' which unfortunately occurred in relatively quick succession. These economic shocks included the outbreak of Severe Acute Respiratory Syndrome (SARS), North America's largest ever power outage, and mad-cow fears, which resulted in blocked exports of beef and cattle. All of these had direct impacts on Durham Region.

Economic growth is anticipated to continue in Durham Region, particularly with boosts provided by major projects like new Highway 401 Interchanges, the Highway 407 expansion into the City of Pickering and a new university in the City of Oshawa. However, growth is not anticipated to continue at a level close to the 2003 pace, and the Regional Corporation continues to ensure it is well positioned to address any future economic and financial challenges. Challenges already being addressed include significantly increased service and infrastructure demands due to growth, particularly in the areas of transportation, water supply and sanitary sewerage. Other acknowledged risks include the potential for an economic downturn, additional costs/responsibilities downloaded from the Province, or other unforeseen events.

The Regional Municipality of Durham relies on its long record of sound financial planning, based upon prudent assumptions. A long-time commitment to maintaining a low burden of debt, for example, enhances the Region's flexibility, and its ability to meet obligations. The Regional Corporation is prepared to face the future.

Financial Management and Control

The Region of Durham maintains internal administrative and accounting controls to ensure that financial information is reliable and relevant and that the Region's assets are safeguarded.

The Region's Purchasing By-law and Budget Management Policy, in conjunction with other Regional Policies and Provincial legislation, govern the fiscal responsibilities of the Regional administration. Regional By-laws prescribe purchasing, accounting, investment, risk management and debt policies and procedures that ensure effective and clear guidelines for expenditures and the requisition of goods and services. The Budget Management Policy for example, addresses the balance between Regional expenditures and the availability of funding. Budget Management and Purchasing policies provide an accountability framework that establish the extent of authority for spending decisions, both planned and unplanned, and outline the discretion permitted in those spending decisions, as delegated by Regional Council.

The Region of Durham's commitments, to long-term financial planning and sound fiscal policies, provide a solid foundation for financial management and promote a healthy capital financing structure. Our "pay-as-you-go" financing philosophy, low levels of debt issuance, strong reserve and reserve fund strategies, and "growth-pays-for-growth"

development charges policy contribute to the Region's fiscal strength.

In 2003, this financial strength was once again recognized by Standard & Poor's and Moody's Investors Services, who reaffirmed the Region's long-standing "Triple A" credit rating. This highest rating category places Durham in a select group of municipalities with an exemplary reputation in the investment community and who are seen as leaders in fiscal responsibility and integrity. Moody's 2003 Ratings Report mentioned Durham's utilization of a five-year economic and financial forecast to prepare its annual operating and capital budgets. The firm noted that "...the forecast, which covers all aspects of regional operations and factors in a number of risks to establish a conservative outlook, facilitates robust decision making and has led to a sustained track record of excellent financial results..."

The Regional Business Planning Cycle: Long-term Financial Planning

Commencing with fiscal year 2000, Regional Council established pre-budget guidelines for annual operating and capital expenditures and financing based upon a multi-year budget forecast provided by Regional staff. The annual "Five-year Economic and Financial Forecast and Budget Guidelines" report provides Regional Council each year with preliminary estimates of financial requirements facing the Region over a five-year horizon, as well as potential sources of financing.

The Region completes separate annual Servicing and Financing Studies, including multi-year capital expenditure forecasts, in the areas of Regional Roads, Water Supply and Sanitary Sewerage and Solid Waste Management. With the recent download of Social Housing responsibilities from the Province, and given a very significant capital component inherent in this service, the Region also initiated an annual Social Housing Servicing and Financing Study commencing with the 2003 Budget process.

Durham Region
Business Planning Cycle

In 2003, with the establishment of the Region's new Community Strategic Plan (CSP), integrating the CSP into the Region's existing business planning cycle became a priority. The CSP lays out the community vision for the multi-year planning horizon.

Commencing in 2004 and thereafter, the Region's Business Planning Cycle will commence with the (re)prioritization of strategic actions established under the CSP. With a focus upon desired results, all Regional Business Plans and Budgets will balance CSP strategic actions with available financing on an annual basis. The CSP now initiates the Region's Business Planning Cycle, and the CSP will be implemented through the Region's Business Planning Cycle. Intertwined with multi-year forecasts, detailed business plans (including budgets), performance measures and the reprioritization of programs and service levels, CSP objectives and priorities can be prudently implemented within a sound fiscal framework, while focusing on realistic and timely program and infrastructure priorities. The Business Planning Cycle, incorporating the CSP, is an enhancement to the Region's commitment to transparency and accountability.

Financial Accountability

The Region fully supports the goal of financial accountability to taxpayers, an objective at the heart of all Regional corporate strategies and the Community Strategic Plan. Durham is in compliance with all guidelines that are established by the Municipal Performance Measurement Program (MPMP), a Province-wide program that requires municipalities to report on measures that reflect the efficiency and effectiveness of public services. Durham Region endorses these guidelines and is also an active member in the Ontario Municipal Benchmarking Initiative, a voluntary project to identify and share best practices of service efficiency and quality in Ontario Municipalities. For information on the MPMP program, I would encourage readers to visit the Regional web site at www.region.durham.on.ca or call the Region at 905-668-7711 or toll free at 1-800-372-1102.

Financial Statements

The financial statements herein have been prepared in accordance with accounting policies that conform to local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Where the determination of assets and liabilities is dependent upon future events, amounts are based upon reasonably determined estimates and judgements.

The Region is required by the *Municipal Act* to engage independent auditors to express an opinion as to whether our financial statements present the Region's financial position and operating results fairly in all material respects. Deloitte & Touche LLP has fulfilled this audit function as evidenced by the audit reports included in this document.

R.J. Clapp, CA
Commissioner of Finance and Treasurer
May 28, 2004

Financial Management Team

Finance Department

R.J. Clapp, CA
Commissioner of Finance and Treasurer

P.N. Richards, BBA, MBA
Director of Budgets, Economic Studies and Risk Management

M.E. Simpson, BA, MA
Director of Financial Planning

D.W. Beaton, BAS
Director of Information Management Services

J.M. Cermak, CA
Director of Financial and Utility Services

R.A. Crystal, CMA
Manager of Accounting

S. Coward
Manager of Insurance and Risk Management

J.S. Lorne, CET, MBA
Manager of Supply and Services

R.D. Siblock, CMA
Manager of Utility Finance

Auditor

Deloitte & Touche LLP
Chartered Accountants

Banker

The Royal Bank of Canada

Fiscal Agents

RBC Dominion Securities Inc.
CIBC World Markets

DURHAM REGION

ECONOMIC CLIMATE

During 2003, despite the economic uncertainty caused by a series of economic 'shocks,' our local economy demonstrated remarkable resilience, achieving a banner year. Negative economic impacts included the Iraqi war and aftermath, the outbreak of severe acute respiratory syndrome (SARS), blocked exports of beef and cattle (mad cow fears), and North America's largest ever power outage. However, not only did the Region sustain its level of economic growth, it increased it!

According to The Conference Board of Canada's 'Spring 2004, Outlook,' real gross domestic product (GDP) in the Oshawa Census Metropolitan Area (CMA) grew by an estimated 8.9 percent during 2003. This is compared to 4.7 percent growth recorded in the CMA for 2002 (the Oshawa CMA includes the Municipality of Clarington, the City of Oshawa, and the Town of Whitby). For comparison, 2003 GDP growth, for Ontario and Canada, was estimated by the Conference Board at 1.6 percent and 1.5 percent, respectively.

Durham's economy, characterized by high employment levels and significant new capital investment, is very positive. However, a robust economy also leads to significantly increased growth pressures and corresponding demands for more services and infrastructure expansion. The Regional Corporation is committed to responding to these demands in a fiscally responsible manner with timely infrastructure developments, including, but not limited to: the improvement and development of regional roads; water supply and sanitary sewerage; police and emergency medical facilities and equipment; and long-term care facilities.

ROBUST ECONOMIC INDICATORS

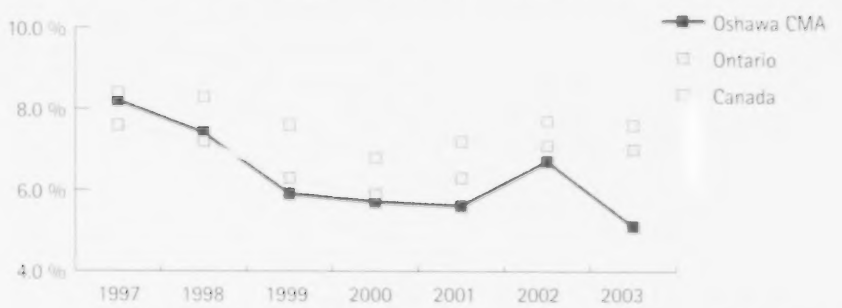
UNEMPLOYMENT RATES

The Region's unemployment rate has remained below the Provincial and Canadian averages for over five years. In 2003, the divergence was even more pronounced. During 2003, the unemployment rate in the Oshawa CMA was 5.1 percent, compared to the Provincial average of 7.0 percent, and the Canadian average of 7.6 percent.

"... The (Oshawa CMA's) economy continues to roll along. In the last seven years the economy has expanded at an average annual rate of 5.9 percent and created close to 42,000 new jobs. Over 14,000 of those new jobs were created last year alone."

Conference Board of Canada, Metropolitan Outlook 2A, Spring 2004

Unemployment Rates 1997 to 2003

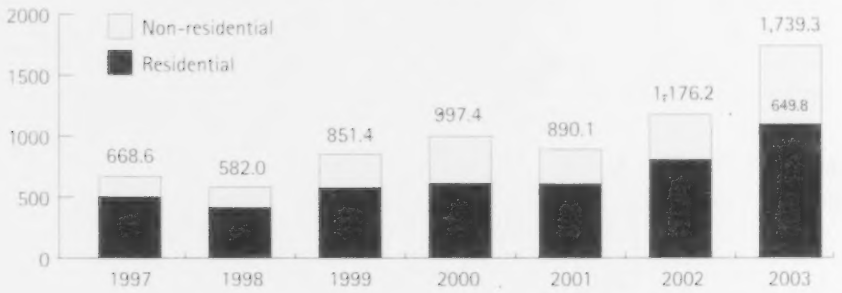


Sources: Statistics Canada and The Conference Board of Canada

Building Permits

Building permits also increased significantly in 2003, in terms of both quantity and value. In 2003, the total value of building permits issued surpassed all levels previously recorded by the Region. The 2003 value, at $1.7 billion, was more than triple the Region's historical average building permit value, of $570.8 million per year, tracked since the Region's inception in 1974. In 2003, Durham's total building permit value increased by 47.9 percent to $1.74 billion, from a level of $1.18 billion in 2002. Residential building permit activity represented 63 percent of the total during 2003, although record high values were established for both the residential and non-residential categories, at $1.1 billion and $649.8 million respectively.

Value of Building Permit Activity 1997 to 2003
($ millions)

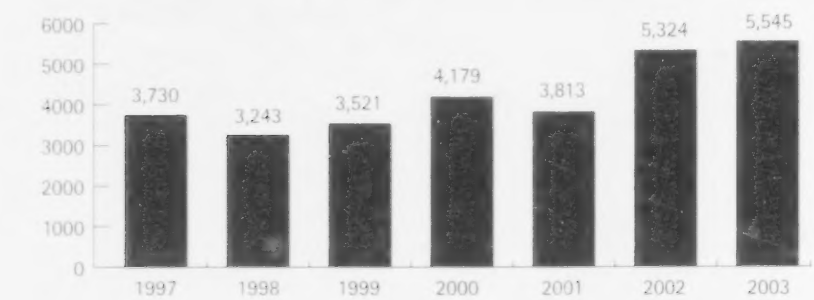


Sources: Durham Region Planning Department

Housing Starts

The overall growth in residential building permit value in 2003 was almost entirely attributed to new unit production (97 percent), as compared to residential additions, renovations and improvements. Low interest rates, strong employment levels and a significant in-migration have provided a strong catalyst for housing demand in Durham Region. According to the Canada Mortgage and Housing Corporation (CMHC), 2003 was the best year since 1989 for housing starts. In 2003 there were 5,545 starts, a four percent increase over 2002, and just 262 starts short of a 5,807 unit peak in 1989.

Durham Region Housing Starts 1997 to 2003



Sources: Canada Mortgage and Housing Corporation (CMHC)

"...The September 2003 opening of the new university – the University of Ontario Institute of Technology (UOIT) – provided a lift to non-commercial services output, while a booming housing market boosted the finance, insurance and real estate industry."

Conference Board of Canada, Metropolitan Outlook 2A, Spring 2004

Growth and Spending

Significant population growth has resulted in a vigorous housing sector, as well as increasing demands for services from both public and private service providers. Durham's low unemployment rates, and relatively higher personal income levels, provide support for private sector consumer spending. In 2003, personal income per capita within the Oshawa CMA was estimated at $33,200. This is a level six percent higher than Ontario, at $31,400 per capita, and 13 percent higher than the Canadian personal income per capita figure of $29,500 per capita for 2003 (The Conference Board of Canada).

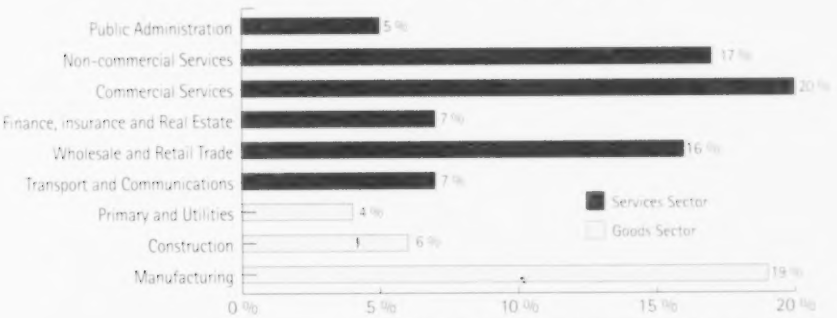
Higher consumer spending has significantly bolstered Durham's service producing industries, including real estate, insurance, financial services, wholesale, retail etc. Durham's industrial sector also made major investments in 2003, which included an $84 million paint facility at General Motors of Canada Inc., and new construction at Johnson Controls and Ontario Power Generation's facilities in both Clarington and Pickering.

Demands for expanded public sector services have also been significant in Durham Region. In 2003, major capital expenditures were made by all levels of government to expand and improve Durham's educational, recreational and institutional services. Multi-million dollar investments include those at Durham's hospital facilities, Durham College, the University of Ontario Institute of Technology, a new secondary school in the Town of Whitby, a new long-term care facility in the City of Oshawa, and new library, police and recreational facilities across the Region.

"Low mortgage interest rates, employment gains, positive net migration, an active resale market with a shortage of listings, and rising house prices in Toronto have all contributed to the strong demand for new homes..."

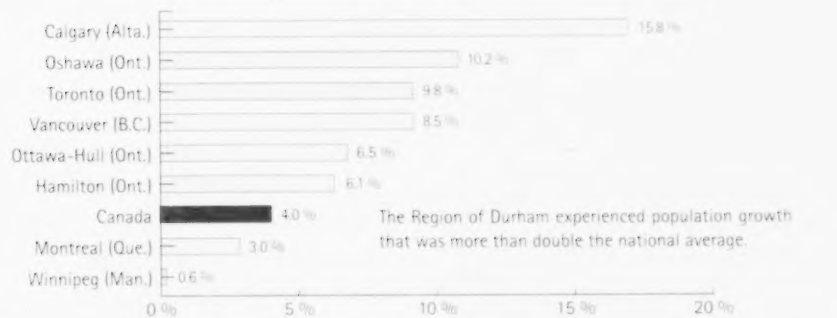
Canada Mortgage and Housing Corporation, Housing Now, Oshawa, Fourth Quarter, 2003

2003 Labour Force by Sector (Oshawa CMA)



Source: The Conference Board of Canada and Statistics Canada

Census Metropolitan Area Growth Rates 1996-2001



Note: The Oshawa CMA includes Clarington, Oshawa and Whitby while the Toronto CMA includes Pickering, Ajax, and Uxbridge.

Source: Statistics Canada

DURHAM REGION

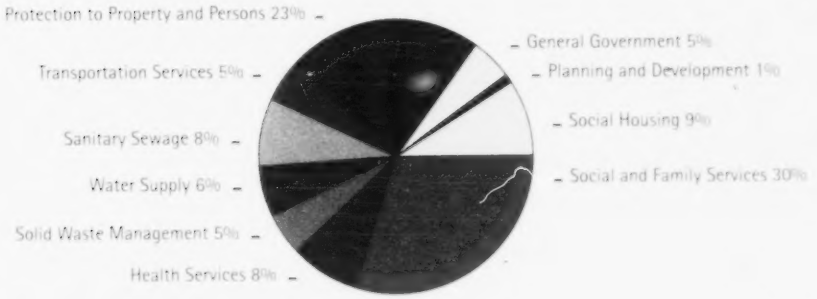
FINANCIAL RESULTS

OPERATING FUND EXPENDITURES

Total operating fund expenditures increased in 2003 by 12 percent to $513.7 million, compared to $457.8 million in 2002. Major expenditure increases for 2003 included:

- Increased operating funding for Emergency Medical Services, Public Health, Ontario Works and Long Term Care Facilities including wage and benefit adjustment;
- 34 new police service personnel including 18 new front-line officers and 16 civilian employees;
- Provisions to provide increased operating and capital funding for Conservation Authorities;
- Costs related to the 2003 outbreak of Severe Acute Respiratory Syndrome (SARS); and,
- Funding contributions to the Lakeridge Health Corporation and Rouge Valley Health System Foundation for capital improvements to the Ajax-Pickering hospital and the Durham Regional Cancer Centre.

2003 Operating Fund Expenditures - $513.7 million

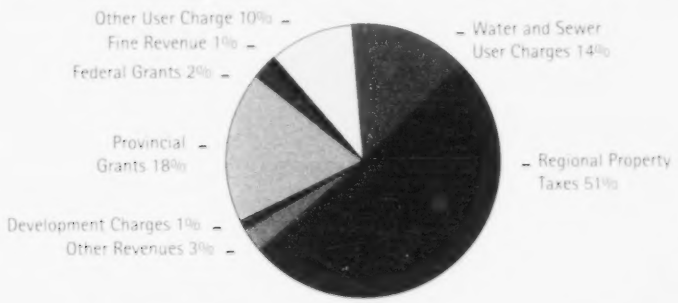


OPERATING FUND SOURCES OF FINANCING

Operating fund sources include Regional property taxes, user charges and transfer payments from federal and provincial governments.

Revenue from property taxes increased to $312.5 million in 2003, from $286.3 million in 2002, representing an increase of approximately nine percent. This increase in revenue was primarily due to assessment growth, however a 2003 property tax increase is also included in the total. The 2003 regional property tax increase represented an average residential property tax impact of 5.3 percent.

2003 Operating Fund Sources of Financing - $608.5 million



Water Supply and Sanitary Sewerage

The Region is responsible for safe and reliable operations and maintenance of water supply and sanitary sewerage systems, which efficiently meet requirements of existing and future residents and businesses. These operations are funded primarily from Region-wide uniform user rates. Water and sewer rates and rate structure, development charge receipts and long-term capital requirements are reviewed annually to ensure efficient operations and continued viability of water supply and sanitary sewerage.

The Region adheres to the "user pay" principle in setting water and sanitary sewer rates. This principle results in charging water and sewer customers in proportion to costs incurred in providing those services. In 2003, a 5.5 percent water and sewer rate increase was approved to fund:

- Increased operating costs resulting from new Provincial drinking water regulations;
- Increased labour and utility costs;
- Increased meter testing and meter replacements; and,
- The replacement of water mains and sanitary sewers.

Surpluses from water and sewer operations are transferred to the respective Treatment Plant/Rate Stabilization Reserve Funds to finance future capital upgrades and the replacement of aging infrastructure. Balances at the end of 2003 were $64.6 million (2002 $60.3 million) for sewer services and $29.9 million (2002 $34.9 million) for water services.

Solid Waste Management

Major solid waste expenditures relate to the Region's responsibilities for waste collection, haulage, disposal and diversion initiatives, including a recently expanded Blue Box program. In 2003, the Blue Box program consisted of the collection, processing and marketing of 39,122 tonnes of diversion materials. The Region also owns and operates a rural landfill site, four waste management facilities, a recycling processing facility, several household hazardous waste depots, and has proactive promotional and educational programs to encourage residents to reduce, re-use, recycle and compost.

The Townships of Brock, Scugog and Uxbridge, and the Municipality of Clarington, have transferred responsibilities for the curb side collection of waste to the Region in order to implement the Region's new Integrated Waste Program, which includes the curb-side collection of kitchen organics and diversion from landfill. Waste collection responsibilities in the City of Pickering will be transferred to the Region in 2004 and negotiations continue in the remaining local municipalities to implement similar and standardized diversion programs by July 1, 2006, through partnerships with the Towns of Ajax and Whitby, and the City of Oshawa.

During 2003, the Region sent approximately 144,937 tonnes of waste to landfill sites, representing a diversion rate of 31 percent. Proposed new diversion programs will enable the Region to meet its diversion target of greater than 50 percent waste diversion by 2007, a main goal of the *Long-term Solid Waste Management Plan.*

Sources of revenue consist of Solid Waste property taxes, user fees, Provincial subsidies and the sale of recyclables. Uncertainties that can lead to a surplus (or deficit) position for this operation include tonnage variances, subsidy changes, and fluctuating market prices for diversion materials. In 2003, contributions from the operating fund, including interest earnings, were $904,000 to the Solid Waste Management Reserve Fund, which at the end of 2003 had a balance of $12.7 million.

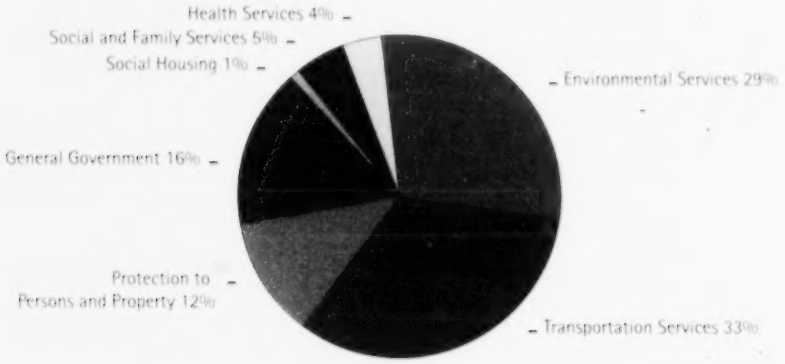
The Solid Waste Management Budget is separate from the Region's general levy budget and is funded by user fees and a Solid Waste Management Property Tax Rate.

Capital Fund Expenditures

Capital investment is necessary to maintain current infrastructure and provide for future requirements. In 2003, capital fund expenditures totaled $111.2 million compared to $96.2 million in 2002. This increase included capital expenditures associated with:

- GO Transit capital;
- A new Regional administrative headquarters facility;
- Regional road construction and rehabilitation;
- Upgrades to Regional water supply and sanitary sewerage systems;
- The new Hillsdale Terraces 200-bed long-term care facility;
- A new community police facility in the Town of Whitby; and,
- Ambulance stations and equipment replacements.

2003 Capital Fund Expenditures - $111.2 million



Transportation and Environmental Services (water supply and sanitary sewerage) comprise the largest share of capital expenditures. Major roads projects included:

- The new Highway 401 Interchange at Salem Road in the Town of Ajax, cost shared with the Town of Ajax and the Government of Ontario;
- The Salem Road construction project; and,
- The widening of Consumers Drive, from Hopkins Street to Thickson Road.

Major 2003 water supply and sanitary sewerage capital included:

- Water main rehabilitation (cement lining program);
- Replacement of watermains and sanitary sewers in conjunction with local municipal roads programs;
- New feedermains;
- Significant repairs to incinerators at the York-Durham Water Pollution Control Plant (WPCP);
- Uxbridge-Brock WPCP administrative building rebuild to facilitate overall plant expansion; and,
- Design for the new Courtice WPCP in the Municipality of Clarington.

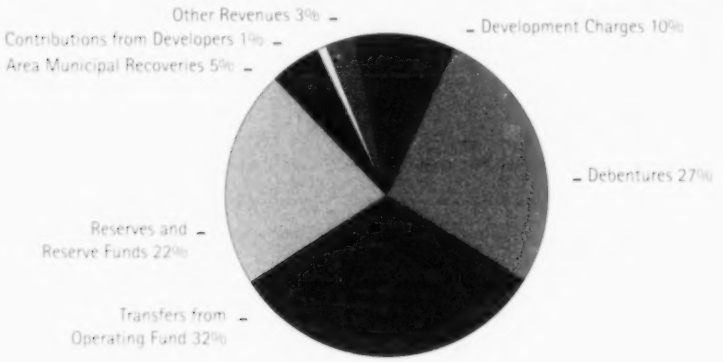
Capital Fund Sources of Financing

The Region's 2003 capital spending program was financed from the operating fund, reserves and reserve funds, debentures, developer contributions, subsidies and local municipal recoveries.

In 2003, $40 million of new debenture debt was issued to finance the new Regional Administrative Headquarters Facility. Most of the expenditures for the new administrative facility had yet to be incurred at December 31, 2003, resulting in capital fund sources of financing exceeding 2003 capital expenditures. The new facility is scheduled for completion in May 2005.

Development charges are collected from developers and are held by the Region to finance future residential and commercial growth related projects for water, sewer, roads and other specific purposes. In 2003, contributions to the capital fund from development charges totaled $14.6 million, compared to $19.9 million in 2002.

2003 Capital Fund Sources of Financing - $145.8 million



Debt Position

The Region's debt management policies are governed by provincial legislation and Regional Council's approval. As noted above, in 2003 new debt was issued to fund the new Regional Administrative Headquarters facility. As a result, the Region's debt burden increased from $85 million to $117.5 million, net of debt payments made during the year.

Despite the 2003 increase, the Region maintains relatively low debt levels and continues to adhere to the pay-as-you-go financing philosophy, ensuring debt issuance only for major projects. The Region's strong capital structure, and solid reserves and reserve funds, also help to ensure debt is minimized.

The Region is responsible for debenture debt totaling $215.2 million, at December 31, 2003. Of this debt, $97.6 million or 45 percent was issued on behalf of Durham local municipalities and school boards, who in turn are responsible for paying the Region both principal and interest. The Region is the authorized entity for debt issuance for all local municipalities within its jurisdictional boundaries. The net debt to be financed by the Region itself is $117.5 million.

Durham's Credit Rating

Both Standard & Poor's and Moody's Investor Service re-affirmed the Region's long-time Triple A credit rating for the Region's long-term debentures, with a continued stable outlook. The annual rating review includes consideration of performance of the Regional economy and financial results achieved by the Region, including its eight local municipalities.

The Region's 2003 credit fundamentals were reviewed and Durham's major credit strengths were identified as follows:

- A long record of sound financial planning based upon prudent assumptions;
- A relatively low debt burden;
- A steadily growing assessment base;
- Excellent financial results; and,
- Success in meeting challenges presented by the downloading of Provincial services.

Two of Durham Region's most important financing policies are "pay-as-you-go" capital financing and "growth pays for growth" development financing policies, which are reflected in the Region's current and long-standing triple A credit rating. The Region will uphold these philosophies. Although significant capital outlays for infrastructure are still required over the next five years, a continued focus on internal funding will minimize future debt issuance needs.

Reserve and Reserve Funds

Recognizing their importance to the Region's overall financial strategy, the Region continues to maintain solid reserve and reserve fund positions, ensuring maximum flexibility, minimal impacts from growth and future liabilities, and a solid foundation for the Region's pay-as-you-go financing philosophy. Regional reserve and reserve fund balances are continuously monitored to ensure they are sustained at adequate and appropriate levels to meet present and future requirements. Reserve and reserve funds, at

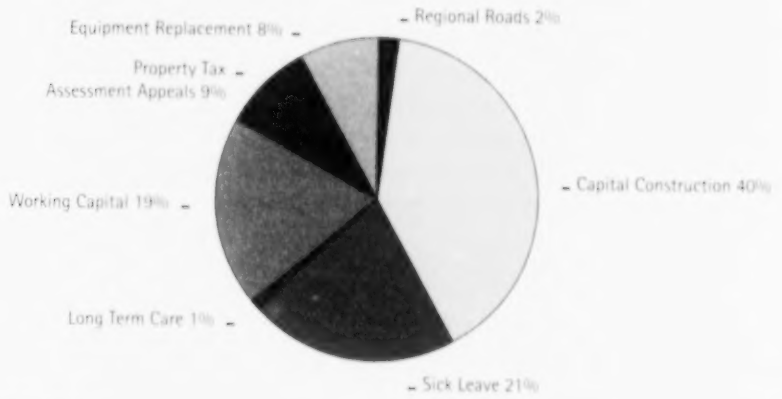
December 31, 2003, totaled $336.9 million, an increase of 4.3 percent compared to the December 31, 2002 balance of $323.1 million. The majority of the Region's reserves and reserve funds are committed towards financing future capital construction costs for water supply, sanitary sewerage, regional roads, solid waste management and future liabilities.

Reserves

At the end of 2003, the Region's nine reserves reached $130.5 million, an increase in value of $13.4 million from 2002 balance of $117.1 million, or 11.4 percent.

The Region's Reserves are established for specific purposes, such as providing working capital to mitigate fluctuations in annual cash flows. Two reserves provide the Region with necessary financing for future liabilities: sick leave and contingencies reserves. Other reserves have been established to enable up-front financing of major capital expenditures or are used to finance projects budgeted in one year, but with construction taking place over more than a year (capital construction, regional roads, long-term care and equipment replacement reserves).

2003 Reserves - $130.5 million

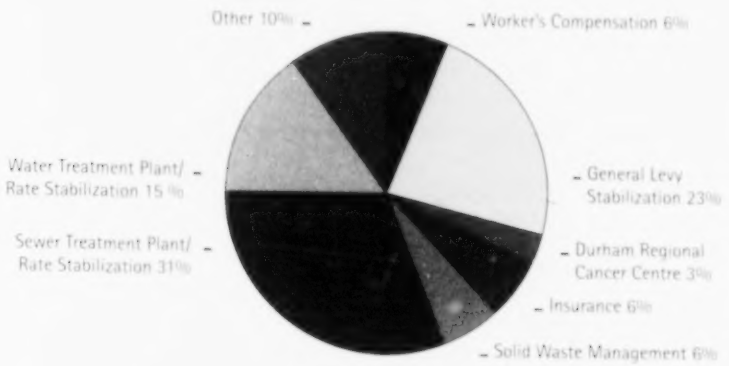


Reserve Funds

Reserve funds are monies set aside to finance specific future costs. The Region's reserve funds totaled $206.4 million at the end of 2003, an increase of $0.4 million compared to 2002. The 2003 year-end balance includes $6.1 million of interest earned during the year.

The Region of Durham maintains a General Levy Rate Stabilization Reserve Fund for tax stabilization purposes, and to guard against the risk of significant unforeseen expenditures.

2003 Reserve Funds - $206.4 million


Other 10%
Worker's Compensation 6%
Water Treatment Plant/ Rate Stabilization 15%
General Levy Stabilization 23%
Sewer Treatment Plant/ Rate Stabilization 31%
Durham Regional Cancer Centre 3%
Insurance 6%
Solid Waste Management 6%

Note: This chart excludes development charges/deferred revenues totaling $167.8 million.

DURHAM REGION

MANAGEMENT REPORT

The Management of the Corporation of the Regional Municipality of Durham is responsible for the preparation and integrity of the accompanying Consolidated Financial Statements and all other information contained in this Annual Report. The financial statements herein have been prepared in accordance with generally accepted accounting principles applicable to local governments, and conform with accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Where the determination of assets and liabilities is dependent upon future events, amounts are based upon reasonably determined estimates and judgements. Financial data presented elsewhere in the Annual Report is consistent with that of the Consolidated Financial Statements.

Management maintains systems for accounting, business planning and budgeting, an internal audit function, as well as other internal controls, to provide assurance that transactions are appropriately authorized and recorded accurately, that assets are secured and accounted for, and that the integrity and completeness of financial records is maintained.

The 2003 Consolidated Financial Statements, Notes to the Financial Statements, Supporting Schedules, and the Trust Funds Financial Statements have been independently audited by Deloitte & Touche LLP. The Auditors' opinion on the fair presentation of Durham's financial position, results of its operation, and changes in financial position for the year ended December 31, 2003, are included in the Auditors' Reports that follow.

R.J. Clapp, CA
Commissioner of Finance and Treasurer
May 28, 2004

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

for the year ended December 31, 2003

THE REGIONAL
MUNICIPALITY OF DURHAM

Deloitte.

Deloitte & Touche LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the consolidated statement of financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2003 and the consolidated statement of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on this financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2003 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Toronto, Ontario
May 28, 2004

Member of
Deloitte Touche Tohmatsu

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Position

December 31, 2003

(All figures rounded to the nearest thousand)

	2003	2002
ASSETS		
Financial Assets		
Cash and short-term investments (Note 3)	$ 673,787	$ 563,686
Accounts receivable	34,191	31,162
Other assets	2,065	2,279
Debenture debt recoverable from local municipalities and School Boards (Note 4)	97,630	107,116
	807,673	704,243
LIABILITIES		
Accounts payable and accrued liabilities	92,598	77,255
Deferred revenue - Schedule 5	167,757	119,816
Other deferred revenue	12,486	16,447
Debenture debt (Note 4)	215,170	192,140
Employee benefits and post employment liabilities (Note 6)	64,257	59,798
Landfill closure and post closure liability (Note 7)	3,271	3,180
	555,539	468,636
NET FINANCIAL ASSETS	$ 252,134	$ 235,607
MUNICIPAL POSITION		
Operating Fund - Schedule 1 (Note 13)	230	230
Capital Fund - Schedule 2	90,550	55,981
Reserves and Reserve Funds - Schedule 3 (Note 5)	336,914	323,154
Fund Balances	427,694	379,365
Amounts to be recovered in future years (Note 8)		
From reserves and reserve funds	(34,902)	(28,808)
From future revenue	(140,658)	(114,950)
	(175,560)	(143,758)
MUNICIPAL POSITION	$ 252,134	$ 235,607

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Activities

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	2003		2002
	Budget (Note 16)	Actual	Actual (Note 18)
REVENUE			
Regional taxes (including supplementary taxes)	$ 303,861	$ 312,463	$ 286,263
User charges			
Water and sewer	80,470	85,913	82,786
Other	49,753	59,508	54,603
Fine revenue	5,449	5,592	5,285
Government transfers			
Government of Canada	10,105	10,391	8,800
Province of Ontario	120,811	108,006	107,404
Development charges earned - Schedule 5	45,921	21,037	26,278
Contributions from developers	-	366	327
Local municipal recoveries	2,663	6,801	3,942
Other	10,914	31,359	29,063
TOTAL REVENUE	629,947	641,436	604,751
EXPENDITURE (Note 9)			
Operating Fund - Schedule 1	527,278	513,686	457,790
Capital Fund - Schedule 2	106,662	111,223	96,242
TOTAL EXPENDITURE	633,940	624,909	554,032
NET (EXPENDITURE) REVENUE	(3,993)	16,527	50,719
FINANCING ACTIVITIES			
New debt issued for Regional purposes	-	40,000	-
Regional debt principal repayments	(7,904)	(7,484)	(6,639)
Decrease in unfunded employee benefits and post employment liabilities	-	(805)	(3,851)
Increase in landfill closure and post closure liability	-	91	20
(DECREASE) INCREASE IN AMOUNTS TO BE RECOVERED IN FUTURE YEARS	(7,904)	31,802	(10,470)
CHANGE IN FUND BALANCES	(11,897)	48,329	40,249
FUND BALANCES, BEGINNING OF YEAR		379,365	339,116
FUND BALANCES, END OF YEAR		$ 427,694	$ 379,365

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	2003	2002
OPERATIONS		
Net revenue	$ 16,527	$ 50,719
Uses		
Increase in accounts receivable	(3,029)	(1,587)
Increase in other assets	-	(6)
Decrease in accounts payable and accrued liabilities	-	(10,484)
Decrease in other deferred revenue	(3,961)	(234)
Decrease in employee benefits and post employment liabilities	-	(2,939)
	(6,990)	(15,250)
Sources		
Decrease in other assets	214	-
Increase in accounts payable and accrued liabilities	15,343	-
Increase in deferred revenue	47,941	21,133
Increase in landfill closure and post closure liabilities	91	20
Increase in employee benefits and post employment liabilities	4,459	-
	68,048	21,153
Net increase in cash from operations	77,585	56,622
FINANCING		
Long-term debt issued for Regional purposes	40,000	-
Regional long-term debt repaid	(7,484)	(6,639)
Net increase (decrease) in cash from financing activities	32,516	(6,639)
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS	110,101	49,983
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	563,686	513,703
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 673,787	$ 563,686

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2003

(All figures rounded to the nearest thousand)

1. MUNICIPAL STRUCTURE

The Regional Municipality of Durham came into existence on October 15, 1973 and assumed its responsibilities on January 1, 1974, under the authority of the *Regional Municipality of Durham Act, 1973*.

The Region comprises the following local municipalities:

- Town of Ajax
- Township of Brock
- Municipality of Clarington
- City of Oshawa
- City of Pickering
- Township of Scugog
- Township of Uxbridge
- Town of Whitby

and is responsible for services within these local municipalities related to the following:

- Protection to persons and property, including Police, Conservation Authorities, Emergency Planning, Fire Co-ordination and 911 Emergency Telephone services.
- Transportation Services, including all Regional Roadways and Traffic Control.
- Environmental Services, including the Water Supply System, Sanitary Sewerage System, Regional Storm Sewer System and Solid Waste Management.
- Health Services, including Public Health Services and Inspections.
- Emergency Medical Services.
- Social and Family Services, including Ontario Works, Services for Seniors, and Children's Services.
- Social Housing Services, including provision of subsidized housing, rent supplement programs and homeless shelters.
- Planning, including official plan administration.
- Regional Development and promotion.
- Administration, prosecution and collection of fines under the *Provincial Offences Act (POA)*.
- Financial, including all debt issues and property tax policy.

2. SUMMARY OF ACCOUNTING POLICIES

The Consolidated Financial Statements of the Corporation of the Regional Municipality of Durham are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Region and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between financial assets and liabilities. This provides information about the Region's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Basis of Statement Presentation

i. The consolidated financial statements reflect activities of the Operating Fund, Reserves, Reserve Funds, and the Capital Fund of the Region, including activities of the Durham Region Police Services Board, and the Durham Regional Local Housing Corporation. Operations of other social housing providers are not consolidated in these financial statements as the Region neither owns nor controls them. Funding paid to these providers is recorded as Social Housing expenditures in the Consolidated Schedule of Operating Fund Activities.

ii. Trust Funds administered by the Region are not included in these consolidated financial statements. The Trust Funds financial statements are disclosed separately in the Trust Funds Statement of Financial Activities and Statement of Financial Position.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

(b) Basis of Accounting

i. Accrual Basis of Accounting

Expenditures and their related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

ii. Capital Assets

The historical cost and accumulated depreciation of capital assets are not reported for municipal purposes. Capital assets are reported as expenditures in the Consolidated Statement of Financial Activities in the year of acquisition.

iii. Pension and Employee Benefits

The Region accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to payout when an employee leaves the Region's employment. Other post-employment benefits are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees.

iv. Deferred Revenue

Development charges, collected under the authority of the *Development Charges Act, 1997*, are reported as deferred revenue on the Consolidated Statement of Financial Position, in accordance with the standards of PSAB. These amounts will be recognized as revenues in the fiscal year in which the expenditures are incurred on qualifying capital projects.

v. Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

vi. Government Transfers

Government transfers are recognized in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made.

3. CASH AND SHORT-TERM INVESTMENTS

Included in cash and short-term investments are short-term investments of $665,350 (2002 - $556,155) recorded at cost and with a market value of $665,707 (2002 - $556,375).

4. DEBENTURE DEBT

(a) The balance of debenture debt reported on the Consolidated Statement of Financial Position is made up of the following items. Interest rates for debts range from 3 percent to 12 percent.

	2003	2002
Total debenture debt incurred	$ 215,170	$ 191,851
In addition, the Region has assumed responsibility for payment of principal and interest charges on certain debentures issued by the Province of Ontario	-	289
Total	215,170	192,140
Less debenture debt recoverable from local municipalities and school boards	97,630	107,116
Net Regional Debt	$ 117,540	$ 85,024

Of the debenture debt shown above, responsibility for payment of principal and interest charges has been assumed by local municipalities and school boards for a principal amount of $97,630 (2002 - $107,116). The Region of Durham is contingently liable for these debentures.

(b) The Regional debenture debt principal repayment required over the next five years is as follows:

	2004	2005	2006	2007	2008
Water Supply Operation	$ 3,194	$ 3,382	$ 3,575	$ 3,604	$ 3,815
Sanitary Sewerage Operation	1,324	1,404	1,493	1,254	1,337
Police Services Board	245	258	272	-	-
Homes for the Aged	1,693	1,791	1,897	2,009	2,132
General Government	1,149	1,215	1,284	1,358	1,436
	$ 7,605	$ 8,050	$ 8,521	$ 8,225	$ 8,720

These annual principal and interest payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Total interest charges for the year for debenture debt that are reported on the Consolidated Statement of Financial Activities are $6,799 (2002 - $5,644).

Of the total 2003 charges shown above, $3,280 (2002 - $1,864) was paid from general revenues of the Region, $2,209 (2002 - $2,366) was recovered from the water supply operation and $1,310 (2002 - $1,414) was recovered from the sanitary sewerage operation. These amounts are included on the Consolidated Schedule of Operating Fund Financial Activities (Schedule 1) classified under the appropriate functional expenditure headings.

5. RESERVES AND RESERVE FUNDS

Reserves and Reserve Funds set aside for specific purposes by Council are comprised as follows:

	2003	2002
Reserves		
Working capital	$ 24,955	$ 23,279
Property tax assessment appeals	11,560	11,240
Equipment replacement	9,919	10,611
Regional roads	3,060	2,840
Contingencies	400	400
Sick leave	26,908	20,545
Capital construction	52,079	46,594
Homes for the aged	1,133	1,133
Durham Regional Local Housing Corp.	494	494
Total Reserves	130,508	117,136
Reserve Funds		
Treatment Plant/Rate Stabilization		
Sanitary sewage	64,593	60,271
Water supply	29,922	34,870
Regional share of non-residential development		
Sanitary sewage	3,418	3,316
Water supply	2,687	2,607
Solid waste management	12,720	13,177
Highway 2	234	434
General levy stabilization	47,905	45,263
911 emergency telephone system	66	64
Industrial land	1,041	1,010
Roads property acquisition	312	303
Foreign exchange	3,863	3,748
Workers' compensation	12,869	11,773
York/Durham sanitary sewage	3,613	3,572
Insurance	11,820	12,304
Social Housing	4,696	3,704
Roads rehabilitation	74	41
Emergency medical services	428	415
Durham University Centre	400	388
Durham Regional Cancer Centre	5,264	7,607
Regional forest	408	-
Police capital	73	1,151
Total Reserve Funds	206,406	206,018
Total Reserves and Reserve Funds	$ 336,914	$ 323,154

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES

Employee benefits and post employment liabilities are comprised as follows:

	2003	2002
Sick leave benefits	$ 27,680	$ 25,519
Workplace safety and insurance benefits	7,994	8,263
Paid leave benefits	4,206	3,097
Post employment benefits	24,377	22,919
Total employee benefits and post employment liabilities	64,257	59,798
Less: post retirement liability recognized for existing retirees	(9,508)	(4,244)
Total employee benefits and post employment liabilities to be recovered in future years	$ 54,749	$ 55,554

(a) Sick Leave Benefits

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Region's employment. The liability for this benefit is an estimate of vested sick leave benefits that could be taken in cash by employees on termination. An independent actuarial valuation has estimated the liability at December 31, 2003 to be $27,680 (2002 - $25,519).

(b) Workplace Safety and Insurance Benefits

The Region is a Schedule II employer under the *Workplace Safety and Insurance Act* and follows a policy of self-insurance for all its employees. An actuarial valuation was completed for the year 2000, which identified that the amount provided in the liability account at year-end was sufficient to cover the potential liability of all existing claims. The valuation has been updated for 2003 information.

(c) Paid Leave Benefits

The Durham Region Police Services allowed employees eligible to retire to exercise the option of utilizing their sick leave credits for up to a maximum of one year paid leave. This option terminated December 30, 2003. The liability for these accumulated days, to the extent they had vested and could be taken in cash by employees on termination, amounted to $4,206 (2002 - $3,097) at the end of the year. In 2003, this liability was funded and charged to current year's operations.

(d) Post Employment Benefits

The Region makes available to qualifying employees who retire before the age of 65 the opportunity to continue their coverage for extended health and dental care benefits. Coverage ceases at the age of 65 for all Regional employees, with the exception of employees of the Police Services, for which a benefit allowance is provided up to age 70.

The significant actuarial assumptions adopted in estimating the Region's post employment health benefit liability are as follows:

Discount rate	6%
Dental benefit cost escalation	5% per year
Medical benefit cost escalation	10% per year reducing to 5% per year over 15 years

The accrued value of this benefit liability is estimated at $24,377 (2002 - $22,919), of which $19,075 (2002 - $18,675) is unfunded. To date, the Region has funded $5,302 (2002 - $4,244), covering those employees who have retired.

7. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Region currently owns and operates one active landfill site and six closed landfill sites. The total estimated expenditure (using a discount factor of 6 percent less an estimated inflation factor of 3 percent) for closure and post closure costs is $3,701 (2002 - $3,629). The amount reported on the Consolidated Statement of Financial Position is $3,271 (2002 - $3,180) and the amount remaining to be recognized is $430 (2002 - $449).

The Region is responsible for post closure at six inactive sites, which includes monitoring of ground and surface water, leachate and gas, ongoing maintenance and annual reporting, for a period of 40 years. Closure costs include final cover and vegetation, drainage control features, leachate control or monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition (buffer zones), site remediation, and site closure reports.

The liability for closure and post closure care is recognized as capacity of each site is used. For any closed sites, 100 percent of the liability is recognized. It is estimated that the remaining capacity of 206,000 cubic meters at the active site will provide landfill disposal capacity for an additional twenty years.

8. AMOUNTS TO BE RECOVERED IN FUTURE YEARS

Amounts to be recovered in future years represent the requirement of the Region to raise funds in future years to finance unfunded liabilities.

	2003	2002
Unfunded employee benefits and post employment liabilities	$ 54,749	$ 55,554
Solid waste landfill closure and post closure liability	3,271	3,180
Debenture debt	215,170	192,140
Less debenture debt recoverable from local municipalities and school boards	(97,630)	(107,116)
Total amounts to be recovered in future years	175,560	143,758
Funding available from reserves and reserve funds		
Sick leave reserve	26,908	20,545
Workers' compensation reserve fund	7,994	8,263
	34,902	28,808
Amounts to be recovered in future years	$ 140,658	$ 114,950

9. CLASSIFICATION OF EXPENDITURES BY OBJECT

The Consolidated Statement of Financial Activities presents expenditures by function. The following classifies those same expenditures by object.

	2003	2002
Salaries, wages and employee benefits	$ 258,920	$ 219,279
Operating materials and supplies	70,475	64,335
Contracted services	52,522	47,923
Rents and financial expenses	14,690	13,559
External transfers	110,280	107,050
Capital expenditures	111,223	96,242
Debenture interest	6,799	5,644
Total expenditures by object	$ 624,909	$ 554,032

10. PENSION AGREEMENTS

The Region makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of the approximately 4,000 Regional employees. The plan is a defined benefit plan that specifies the amount of retirement benefits to be received by employees based on length of service and rates of pay. Contributions to OMERS were $4,132 (2002 - nil) for current service.

The OMERS Board implemented a temporary contribution reduction effective January 1, 1998, followed by a temporary contribution holiday for active members and participating employers effective August 1, 1998. The contribution holiday ended December 31, 2002 and contributions resumed in 2003 with rates returning to their full levels beginning in 2004.

11. CONTRACTUAL OBLIGATIONS

(a) Sanitary Sewerage System

In 1997, the Regional Municipality of Durham and the Regional Municipality of York jointly purchased certain sanitary sewerage systems from the Province of Ontario and entered into a joint operating agreement, whereby Durham operates and maintains these facilities. Each co-owner is responsible for its share of operating costs based on actual sewerage flows.

(b) Lease Commitments

The Region has commitments under various building lease agreements expiring in 2004 to 2008. These leases require approximate annual rental payments for the next five years as follows:

2004	$ 5,520
2005	4,258
2006	1,455
2007	1,135
2008	844

12. CONTINGENCY

The Region has been named as defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2003, and accordingly, no provision has been made in these financial statements for any liability that may result.

13. SOCIAL HOUSING REFORM ACT

Effective January 1, 2001, under the provisions of Bill 128 the Province of Ontario transferred the social housing units of the Ontario Housing Corporation located in the Region to the Durham Regional Local Housing Corporation (DRLHC), under the provisions of the *Ontario Business Corporations Act*, with the Regional Municipality of Durham as the sole shareholder. Financial activities of the DRLHC are reported in these consolidated financial statements.

Income producing properties acquired as a result of the transfer were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership of the DRLHC to the Region, the Province did not transfer the responsibility for the repayment of the debentures. Accordingly, neither the value of the income producing properties nor the value of the related provincial debentures was recorded on the DRLHC's financial statements. The remaining assets and liabilities acquired were recorded at book value resulting in a contributed surplus of $230.

14. PROVINCIAL OFFENCES ADMINISTRATION

Effective December 4, 2000, the Region assumed responsibility for administering collection of revenues arising under the *Provincial Offences Act* (POA) from the Ministry of the Attorney General. The Region performs court support, administration and collection functions for all related fines and fees and prosecutes matters under the POA. The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the *Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence*

14. PROVINCIAL OFFENCES ADMINISTRATION (CONTINUED)

Act, municipal by-laws and minor federal offences. Offenders may pay their fines at any Provincial Offences court office in Ontario, at which time their receipts are recorded in the Integrated Courts Operation Network system ("ICON"). The Region recognizes fine revenue when the receipt of funds is recorded in ICON, regardless of the location where payment is made.

Gross revenues consist of fines levied under parts I and III (including delay penalties) for POA charges total $5,592 (2002 - $5,285). Net revenues amount to $2,537 (2002 - $2,483). Local municipalities share 60 percent of net revenues and the Region retains 40 percent or $1,015 (2002 - $993).

15. TRUST FUNDS

Trust Funds administered by the Region, amounting to $846 (2002 - $899), have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

16. OPERATING AND CAPITAL FUNDS BUDGETS

The operating and capital budgets, as approved by Regional Council, for 2003 are reflected on the Consolidated Statement of Financial Activities, Consolidated Schedule of Operating Fund Financial Activities, and the Consolidated Schedule of Capital Fund Financial Activities. The budgets established for Capital Fund operations are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual amounts. As well, the Region does not budget for activity within Reserves and Reserve Funds, with the exception being those transactions which affect either the Operating or Capital Funds.

17. GUARANTEES

In the normal course of business, the Region enters into agreements that meet the definition of a guarantee. The Region's primary guarantees subject to the disclosure requirements include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements.

These indemnification agreements may require the Region to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Region from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Region has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the Consolidated Statement of Financial Position with respect to these agreements.

18. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Operating Fund Financial Activities

Schedule 1

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	2003		2002
	Budget (Note 16)	Actual	Actual (Note 18)
REVENUE			
Regional taxes (including supplementary taxes)	$ 303,861	$ 312,463	$ 286,263
User charges			
Water and sewer	80,470	85,913	82,786
Other	49,753	59,508	54,603
Fine revenue	5,449	5,592	5,285
Government transfers			
Government of Canada	10,105	10,391	8,800
Province of Ontario	120,811	108,006	106,943
Development charges earned - Schedule 5	6,439	6,417	6,419
Other revenue	10,914	20,239	21,334
TOTAL REVENUE	587,802	608,529	572,433
EXPENDITURE			
General government	26,361	25,563	17,277
Protection to persons and property	108,546	115,642	99,511
Transportation services	26,235	27,335	23,329
Environmental services	105,675	99,556	90,353
Health services	41,435	40,551	34,490
Social and family services	165,941	152,610	142,958
Social housing	47,633	47,170	45,079
Planning and development	5,452	5,259	4,793
TOTAL EXPENDITURE	527,278	513,686	457,790
NET REVENUE	60,524	94,843	114,643
FINANCING ACTIVITIES			
Debt principal repayments	(7,904)	(7,484)	(6,639)
Decrease in unfunded employee benefits and post employment liabilities	-	(805)	(3,851)
Increase in landfill closure and post closure liability	-	91	20
Transfer from reserves and reserve funds	14,938	8,518	3,552
Transfer to capital fund	(52,086)	(46,523)	(43,700)
Transfer to reserves and reserve funds	(15,472)	(48,640)	(64,025)
NET FINANCING ACTIVITIES AND TRANSFERS	(60,524)	(94,843)	(114,643)
CHANGE IN FUND BALANCE	-	-	-
FUND BALANCES, BEGINNING OF YEAR (Note 13)	-	230	230
FUND BALANCES, END OF YEAR (Note 13)	$ -	$ 230	$ 230

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Capital Fund Financial Activities

Schedule 2

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	2003		2002
	Budget (Note 16)	Actual	Actual (Note 18)
REVENUE			
Government transfers			
Province of Ontario	$ -	$ -	$ 461
Development charges earned - Schedule 5	39,482	14,620	19,859
Contribution from developers	-	366	327
Local municipal recoveries	2,663	6,801	3,942
Other revenue	-	4,997	2,743
TOTAL REVENUE	42,145	26,784	27,332
EXPENDITURE			
General government	2,651	17,533	3,098
Protection to persons and property	4,351	12,924	7,188
Transportation services	28,000	37,058	36,083
Environmental services	66,305	32,559	33,863
Health services	2,141	4,697	2,341
Social and family services	1,687	5,359	11,785
Social housing	1,409	980	1,567
Planning and development	118	113	317
TOTAL EXPENDITURE	106,662	111,223	96,242
NET EXPENDITURE	(64,517)	(84,439)	(68,910)
FINANCING ACTIVITIES			
Proceeds from long term debt	-	40,000	-
Transfer from operating fund	52,086	46,523	43,700
Transfer from reserves and reserve funds	12,431	32,485	23,854
NET FINANCING ACTIVITIES AND TRANSFERS	64,517	119,008	67,554
CHANGE IN FUND BALANCE	-	34,569	(1,356)
FUND BALANCE, BEGINNING OF YEAR	-	55,981	57,337
FUND BALANCE, END OF YEAR	$ -	$ 90,550	$ 55,981

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Reserves and Reserve Funds Financial Activities

Schedule 3

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	2003		2002
	Budget (Note 16)	Actual	Actual (Note 18)
REVENUE			
Other revenue	$ -	$ 6,123	$ 4,986
TOTAL REVENUE	-	6,123	4,986
TRANSFERS			
Transfer from operating fund	15,472	48,640	64,025
Transfer to capital fund	(12,431)	(32,485)	(23,854)
Transfer to operating fund	(14,938)	(8,518)	(3,552)
NET TRANSFERS	(11,897)	7,637	36,619
CHANGE IN FUND BALANCE	(11,897)	13,760	41,605
FUND BALANCE, BEGINNING OF YEAR		323,154	281,549
FUND BALANCE, END OF YEAR		$336,914	$323,154

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Continuity of Reserve Funds

Schedule 4

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

		REVENUE			EXPENDITURE			
	BALANCE, BEGINNING OF YEAR	Interest on investments	Contribution from operating fund	Total	Contribution to operating fund	Contribution to capital fund	Total	BALANCE, END OF YEAR
	$	$	$	$	$	$	$	$
Treatment Plant/Rate Stabilization								
Sanitary Sewage	60,271	1,869	2,453	4,322	-	-	-	64,593
Water Supply	34,870	1,079	200	1,279	2,004	4,223	6,227	29,922
Regional Share of Non-Residential Development								
Sanitary Sewage	3,316	102	-	102	-	-	-	3,418
Water Supply	2,607	80	-	80	-	-	-	2,687
Solid Waste Management	13,177	404	500	904	316	1,045	1,361	12,720
Highway 2	434	12	-	12	200	12	212	234
General Levy Stabilization	45,263	1,221	11,621	12,842	-	10,200	10,200	47,905
911 Emergency Telephone	64	2	-	2	-	-	-	66
Industrial Land	1,010	31	-	31	-	-	-	1,041
Roads Property Acquisition	303	9	-	9	-	-	-	312
Foreign Exchange	3,748	115	-	115	-	-	-	3,863
Workers' Compensation	11,773	376	721	1,097	1	-	1	12,869
York/Durham Sanitary Sewage	3,572	115	175	290	-	249	249	3,613
Insurance	12,304	336	970	1,306	1,790	-	1,790	11,820
Social Housing	3,704	129	863	992	-	-	-	4,696
Roads Rehabilitation	41	38	1,193	1,231	-	1,198	1,198	74
Emergency Medical Services	415	13	-	13	-	-	-	428
Durham University Centre	388	12	-	12	-	-	-	400
Durham Regional Cancer Center	7,607	157	-	157	2,500	-	2,500	5,264
Regional Forest	-	-	408	408	-	-	-	408
Police Capital	1,151	23	1,068	1,091	-	2,169	2,169	73
Total	206,018	6,123	20,172	26,295	6,811	19,096	25,907	206,406

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Continuity of Deferred Revenue

Schedule 5

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	Sanitary Sewage Residential & Commercial	Water Supply Residential & Commercial	Regional Roads Residential & Commercial	Waste Disposal Residential	Administrative Facilities Residential	Police Residential	Homes For the Aged Residential	Development Charge Study Residential	GO Transit	Emergency Medical Services	Total
	$	$	$	$	$	$	$	$	$	$	$
BALANCE, BEGINNING OF YEAR	36,779	55,037	15,170	4,406	2,038	2,781	1,125	98	2,382	-	119,816
Increase in deferred revenue											
Interest	1,153	1,713	544	136	63	56	40	2	110	1	3,818
Development charges collected	17,026	28,569	14,943	-	-	1,067	454	48	2,935	118	65,160
	18,179	30,282	15,487	136	63	1,123	494	50	3,045	119	68,978
Application of deferred revenue											
Contribution to operating fund for growth related debentures											
Sanitary Sewerage	2,174	-	-	-	-	-	-	-	-	-	2,174
Water Supply	-	4,243	-	-	-	-	-	-	-	-	4,243
Contribution to capital fund	2,802	2,596	6,752	181	-	934	1,296	59	-	-	14,620
	4,976	6,839	6,752	181	-	934	1,296	59	-	-	21,037
BALANCE, END OF YEAR	49,982	78,480	23,905	4,361	2,101	2,970	323	89	5,427	119	167,757

TRUST FUNDS: FINANCIAL STATEMENTS AND AUDITORS' REPORT

for the year ended December 31, 2003

THE REGIONAL
MUNICIPALITY OF DURHAM

Deloitte.

Deloitte & Touche LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the statement of financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2003 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the financial statements presents fairly, in all material respects, the financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Toronto, Ontario
May 28, 2004

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Trust Funds: Statement of Financial Activity

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	2003							2002
	Homes for the Aged			Campbell	Social	Miscellaneous		
	Residents	Donations	Bequests	Bequest	Services	Donations	Total	Total
REVENUE								
Residents	$ 1,549	$ 36	$ -	$ -	$ -	$ -	$ 1,585	$ 1,659
Recipients	-	-	-	-	16	22	38	102
Interest earned	13	5	4	-	-	1	23	13
Total revenue	1,562	41	4	-	16	23	1,646	1,774
EXPENDITURE ON BEHALF OF								
Residents	1,566	30	-	-	-	-	1,596	1,712
Recipients	-	-	-	-	14	89	103	28
Total expenditure	1,566	30	-	-	14	89	1,699	1,740
NET (EXPENDITURE)/REVENUE	(4)	11	4	-	2	(66)	(53)	34
BALANCE, BEGINNING OF YEAR	$ 460	$ 163	$ 134	$ 1	$ 1	$ 140	$ 899	$ 865
BALANCE, END OF YEAR	$ 456	$ 174	$ 138	$ 1	$ 3	$ 74	$ 846	$ 899

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Trust Funds: Statement of Financial Position

December 31, 2003

(All figures rounded to the nearest thousand)

	2003							2002
	Homes for the Aged			Campbell	Social	Miscellaneous		
	Residents	Donations	Bequests	Bequest	Services	Donations	Total	Total
FINANCIAL ASSETS								
Cash and short term investments	$ 456	$ 174	$ 138	$ 1	$ 3	$ 74	$ 846	$ 899
FUND BALANCE	$ 456	$ 174	$ 138	$ 1	$ 3	$ 74	$ 846	$ 899

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the trust funds of the Corporation of the Regional Municipality of Durham are the representations of management prepared in accordance with Canadian generally accepted accounting standards and reflect the following policies:

Basis of accounting:

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue. Expenditures are recorded in the period the goods and services are acquired and a liability is incurred.

Investments:

Investments are recorded at cost. The cost of investments approximates their fair market value.

Use of Estimates

The preparation of the periodic financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

2. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included in these financial statements as the information that would be provided is readily available from the information presented.

THE REGIONAL MUNICIPALITY OF DURHAM STATISTICAL REVIEW: 1999 TO 2003

for the year ended December 31, 2003

THE REGIONAL
MUNICIPALITY OF DURHAM

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	2003	2002*	2001*	2000*	1999*
	$	$	$	$	$
CURRENT OPERATIONS					
Analysis of Revenue					
Regional taxes	312,463	286,263	273,966	251,870	245,851
User charges					
Water and sewer	85,913	82,786	77,741	72,201	74,211
Other	59,508	54,603	39,381	39,330	37,280
Fine revenue	5,592	5,285	4,687	2,641	-
Government Transfers					
Government of Canada	10,391	8,800	630	51	324
Province of Ontario	108,006	106,943	100,301	102,442	88,643
Development charges earned	6,417	6,419	6,410	6,002	6,455
Other revenue	20,239	21,334	33,752	10,905	10,255
TOTAL REVENUE	608,529	572,433	536,868	485,442	463,019
Analysis of Expenditure by object					
Salaries, wages and employee benefits	258,920	219,279	202,105	168,864	150,210
Operating and general expenditure	137,687	125,817	117,865	110,218	107,206
External transfers	110,280	107,050	104,924	112,037	109,166
Debenture interest	6,799	5,644	5,801	4,615	4,083
	513,686	457,790	430,695	395,734	370,665
Analysis of Expenditure by Function					
General government	25,563	17,277	17,656	16,893	18,304
Protection to persons and property	115,642	99,511	88,943	68,990	64,278
Transportation services	27,335	23,329	28,188	26,547	21,836
Environmental services	99,556	90,353	84,676	81,230	75,147
Health services	40,551	34,490	30,752	24,090	18,147
Social and family services	152,610	142,958	137,532	141,955	135,362
Social housing	47,170	45,079	38,324	30,200	32,092
Planning and development	5,259	4,793	4,624	5,829	5,499
TOTAL EXPENDITURE	513,686	457,790	430,695	395,734	370,665
NET REVENUE	94,843	114,643	106,173	89,708	92,354
Financing and Transfers					
Debt principal repayments	(7,484)	(6,639)	(5,868)	(5,037)	(5,198)
Inc/(Decr) in unfunded employee benefits and post employment liabilities	(805)	(3,851)	3,936	(2,826)	-
Inc/(Decr) in landfill closure and post closure liability	91	20	(62)	-	-
Transfer from reserves and reserve funds	8,518	3,552	3,201	5,344	8,122
Transfer to capital fund	(46,523)	(43,700)	(38,830)	(30,218)	(35,975)
Transfer to reserves and reserve funds	(48,640)	(64,025)	(68,320)	(56,971)	(59,303)
NET FINANCING ACTIVITIES AND TRANSFERS	(94,843)	(114,643)	(105,943)	(89,708)	(92,354)
CHANGE IN FUND BALANCE	-	-	230	-	-
FUND BALANCE, BEGINNING OF YEAR	230	230	-	-	-
FUND BALANCE, END OF YEAR	230	230	230	-	-

* Revised certain comparative figures to conform with financial statement presentation adopted for current year

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	2003	2002	2001	2000	1999
	$	$	$	$	$
CAPITAL OPERATIONS					
Analysis of Revenue					
Government Transfers					
Government of Canada	-	-	-	-	1,385
Province of Ontario	-	461	373	-	2,898
Development charges earned	14,620	19,859	16,763	20,680	19,977
Contribution from developers	366	327	1,830	3,302	2,780
Local municipal recoveries	6,801	3,942	3,905	1,674	3,244
Other revenue	4,997	2,743	3,221	6,340	2,065
TOTAL REVENUE	26,784	27,332	26,092	31,996	32,349
Analysis of Expenditure by Function					
General government	17,533	3,098	2,175	2,409	3,344
Protection to persons and property	12,924	7,188	8,768	6,024	6,991
Transportation services	37,058	36,083	21,277	18,557	17,822
Environmental services	32,559	33,863	32,753	29,869	42,760
Health services	4,697	2,341	809	1,969	560
Social and family services	5,359	11,785	29,924	9,548	2,619
Social housing	980	1,567	896	6	-
Planning and development	113	317	141	87	125
TOTAL EXPENDITURE	111,223	96,242	96,743	68,469	74,221
NET EXPENDITURE	(84,439)	(68,910)	(70,651)	(36,473)	(41,872)
Financing Activities					
Proceeds from long term debt	40,000	-	5,000	25,000	-
Transfer from operating fund	46,523	43,700	38,830	30,218	35,975
Transfer from reserves and reserve funds	32,485	23,854	31,189	20,467	5,498
NET FINANCING ACTIVITIES AND TRANSFERS	119,008	67,554	75,019	75,685	41,473
CHANGE IN FUND BALANCE	34,569	(1,356)	4,368	39,212	(399)
FUND BALANCE, BEGINNING OF YEAR	55,981	57,337	52,969	13,757	14,156
FUND BALANCE, END OF YEAR	90,550	55,981	57,337	52,969	13,757

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	2003	2002*	2001*	2000*	1999*
	$	$	$	$	$
RESERVES AND RESERVE FUNDS					
Other Revenue	6,123	4,986	7,393	7,432	4,088
TOTAL REVENUE	6,123	4,986	7,393	7,432	4,088
Transfers					
Transfer from operating fund	48,640	64,025	68,320	56,971	59,303
Transfer to capital fund	(32,485)	(23,854)	(31,189)	(20,467)	(5,498)
Transfer to operating fund	(8,518)	(3,552)	(3,201)	(5,344)	(8,122)
NET TRANSFERS	7,637	36,619	33,930	31,160	45,683
CHANGE IN FUND BALANCE	13,760	41,605	41,323	38,592	49,771
FUND BALANCE, BEGINNING OF YEAR	323,154	281,549	240,226	201,634	151,863
FUND BALANCE, END OF YEAR	336,914	323,154	281,549	240,226	201,634

* Revised certain comparative figures to conform with financial statement presentation adopted for current year.

	2003	2002	2001	2000	1999
	$	$	$	$	$
OBLIGATIONS					
Debt Incurred					
Total debenture debt	215,170	192,140	159,252	158,737	148,253
Debt assumed for others***	(97,630)	(107,116)	(67,589)	(66,206)	(75,685)
Net regional debt	117,540	85,024	91,663	92,531	72,568
Recovered from:					
Tax levy/user rates	80,438	44,639	48,169	46,097	35,013
Other/Reserve Funds	37,102	40,385	43,494	46,434	37,555
	117,540	85,024	91,663	92,531	72,568
Net regional debt per capita ($)	207	154*	171*	177*	142*
Net regional debt percentage of total expenditures (%)	18.8	15.3	17.4	19.9*	16.3*
Debt Servicing	14,283	12,283	11,669	9,652	10,351
Annual Debt Repayment Limit	88,373	81,294	69,073	70,117	42,868
Taxable Assessment (in millions)**					
Residential and Farm (including multiple residentials)	32,313	28,280	27,155	23,788	23,250
Industrial and Commercial	4,613	4,049	3,930	3,689	3,671
Farmland	887	696	687	575	569
Other	165	144	144	123	122
Total	37,978	33,169	31,916	28,175	27,612
Assessment Analysis					
Annual Tax Assessment Growth Rate (%)	2.6	3.9	2.1	1.8	1.9

* Revised

** Current value assessment for 2001 reflects reassessment from 1996 to 1999 values

*** School boards and local municipalities

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2003

(All figures rounded to the nearest thousand)

	2003	2002	2001	2000	1999
Miscellaneous Information					
Full Time Employees	3,589	3,910	3,520	3,374	3,068
Building Permit Values ($ 000)	1,739	1,176	890	997	851
Average Monthly Social Assistance Case Load	5,605	5,898 *	6,613	7,629	9,397
Kilometres of Roads	2,094	2,087	2,077	2,072	2,062
Annual Supply of Treated Waste Water (Megalitres)	73,838	69,763	67,829	67,716	62,298
Annual Supply of Treated Drinking Water (Megalitres)	75,111	73,558	74,409	69,801	70,708
Annual Disposal of Residential Solid Waste (Metric tonnes)	144,937	145,752	146,557	140,997	142,553
Annual Diversion of Residential Solid Waste (Metric tonnes)	86,537	60,403	58,561	59,240	51,576

* Revised

	$	$	$	$	$
Benchmark Information					
Operating costs for police services per household	514	477	476	392	363
Operating costs for paved (hard top) roads per paved lane kilometre	1,457	1,134	1,049	1,051	1,032
Operating costs for winter maintenance of roadways per lane kilometre maintained in winter	3,419	1,972	2,226	2,221	1,839
Operating costs for collection, treatment and disposal of wastewater per megalitre	344	305	340	318	292
Operating costs for treatment and distribution of drinking water per megalitre	370	341	343	344	272
Operating costs for solid waste disposal per tonne	90	93	96	95	89
Operating costs for solid waste diversion (recycling) per tonne	78	78	77	43	47

	2003	2002	2001	2000	1999
Demographics					
Population	567,100	550,720 *	535,150 *	522,665 *	510,760 *
Households	186,000	181,500	176,000	174,600	168,235

* Revised

Principle Corporate Taxpayers	Number Employees	Principle Corporate Taxpayers	Number Employees
General Motors of Canada Ltd.	13,000	DaimlerChrysler Canada Ltd.	350
Ontario Power Generation	8,400	MeadWestvaco Packaging	350
ACSYS Technologies	1,500	Patheon Canada Inc.	350
Lear Corporation	1,270	Triac Industries Inc.	350
Minacs Worldwide Inc.	1,180	Sklar-Peppler Furniture Inc.	340
TDS Automotive Systems	735	Enhance Packaging Technologies Inc.	259
Gerdau-AmeriSteel Corp.	500	Horn Plastics Inc.	250
Messier-Dowty Inc.	500	Actronix Antrum Canada	300
Sobeys Inc.	450	Johnson Controls	220
Automodular Assemblies	420	Yorkville Sound	220
DuPont Canada Inc.	417	McGraw-Hill Ryerson Ltd.	214
A.G. Simpson Company Ltd.	400	Volkswagen Canada Inc.	210
PPG Canada Inc.	391	St. Mary's Cement	200

The sources for the 5-year review are as follows:

Financial Reports and Financial Information Returns of the Regional Municipality of Durham

Statistics Canada

Durham Region Planning and Economic Development Depts.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

RECORD OF EMPLOYEES' 2003 SALARIES AND BENEFITS

Year ended December 31, 2003

(Employees paid $100,000 or more)

Surname	Given Name	Position	Salary Paid	Taxable Benefits
ABBEY	PATRICIA	Director, Dental Health Services	116,197.26	726.28
ALLAN	JOHN	Detective	104,084.25	451.00
ALLISON	ANDREW	Senior Solicitor	102,686.90	642.29
ANTAYA	ROBBIE	Constable	103,099.24	401.24
ARMSTRONG	RICHARD	Director, Emergency Medical Services	123,220.52	713.06
BLAIR	JAMES	Director, Current Operations	102,686.90	642.29
BRIGGS	RAYMOND	Corporate Information Officer	114,035.97	713.06
CAMERON	THOMAS	Inspector	110,050.09	590.98
CAPENER	JEFFREY	Constable	108,320.20	401.24
CARROLL	PAUL	Inspector	110,290.08	590.98
CERMAK	JOANNE	Director, Financial and Utility Services	102,253.64	639.18
CHAPMAN	ROBERT	Superintendent	113,392.06	608.08
CHORNOBAY	NESTOR	Director, Strategic Planning	102,686.88	642.29
CLAPP	ROBERT	Commissioner of Finance	164,800.22	938.57
CLOUTIER	PAUL	Director, Income Support	102,686.90	642.29
CUBITT	GARRY	Chief Administrative Officer	185,753.79	1,088.64
CURTIS	CLIFFORD	Commissioner of Works	113,216.54	703.99
DAVIDSON	PATRICK	Sergeant	102,165.23	451.00
DEVRIES	STEVE	Detective Constable	106,820.13	401.24
DOUCETTE	JAMES	Constable	105,281.54	401.24
DOUGLASS	THOMAS	Inspector	111,853.82	585.79
DROUIN	HUBERT	Commissioner, Social Services	105,908.94	151.38
DUPONT	RICHARD	Detective Constable	111,713.16	451.00
EDGAR	C RYAN	Constable	100,377.87	401.24
ENNIS	MICHAEL	Inspector	110,170.11	590.98
EWLES	MICHAEL	Inspector	110,050.11	590.98
FAZACKERLEY	BRIAN	Staff Inspector	138,445.93	631.41
FERREIRA	RUI	Constable	115,131.68	401.24
FORAN	GREGORY	Constable	103,751.11	401.24
GEORGIEFF	ALEXANDER	Commissioner, Planning	136,193.58	852.25
GIROUARD	TIM	Maintenance Operator 4	114,950.51	1,529.52
GORMAN	KENNETH	Director, Environmental Health	112,089.86	640.22
GRANT	JAMES	Detective Sergeant	105,909.91	454.90
GREEN	CHARLES	Duty Inspector	106,288.39	578.53
GRIEPSMA	JAMES	Sergeant	116,876.75	451.00
GRIMLEY	JAMES	Sergeant	120,502.28	451.00
HAMILTON	PAUL	Staff Sergeant	108,641.29	466.56
HEFFERN	JUDY	Director, LTC and Services for Seniors	116,329.82	699.07
HOOPER	JOHN	Constable	104,547.16	401.24
HORODNYK	BEVERLEY	Constable	103,278.70	446.86
HOUSTON	JAMES	Sergeant	103,689.48	451.00
HUDSON	PAUL	Constable	103,920.57	401.24
JOHNS	GARTH	Commissioner of Human Resources	130,972.94	626.75
KIMMERLY	DAVID	Inspector	110,090.10	590.98
KOLLAARD	JEFFREY	Constable	121,558.73	401.24
KROMER	FRANK	Constable	104,034.48	401.24
KYLE	ROBERT	Commissioner and Medical Officer Health	169,220.38	1,059.10

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

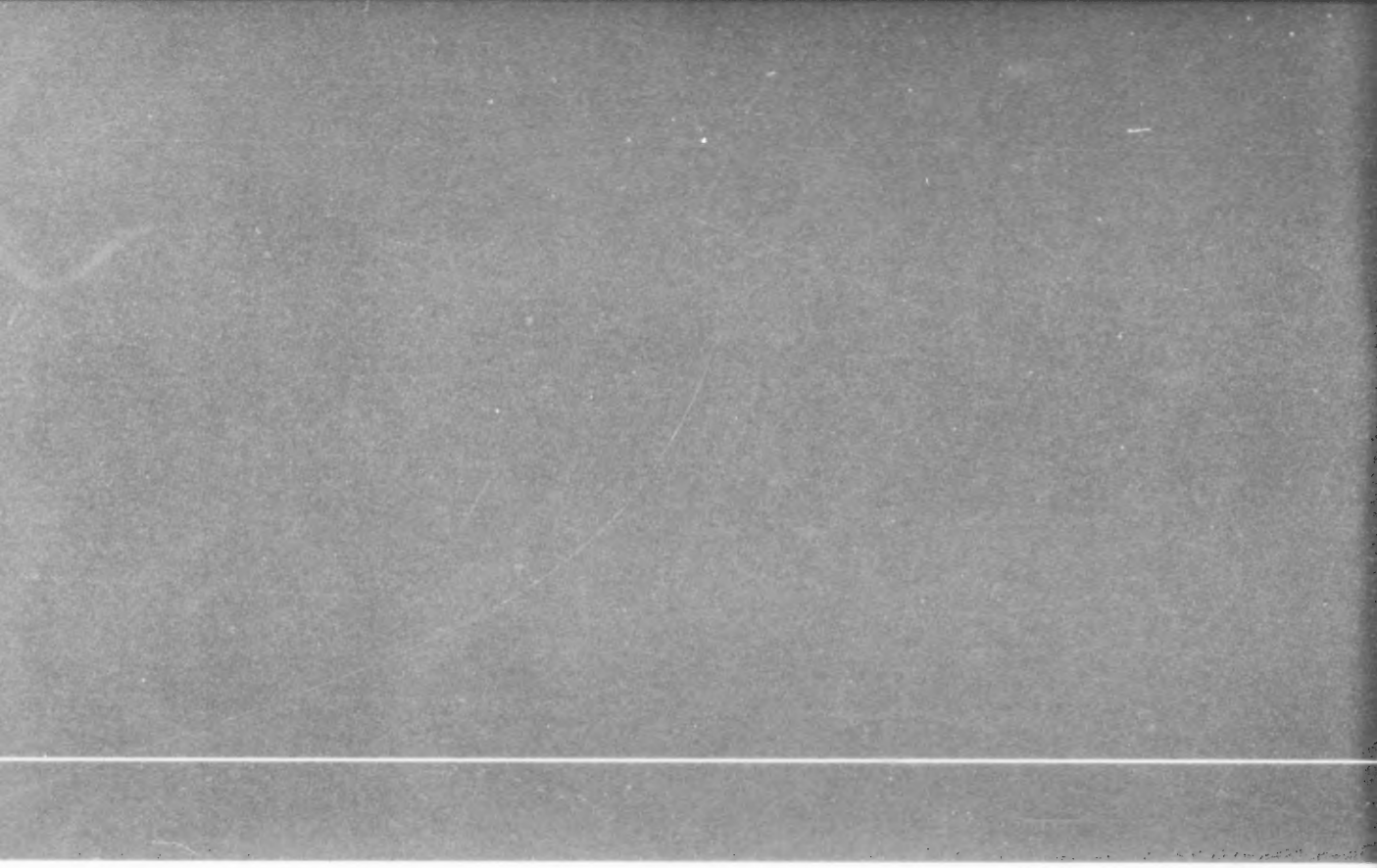
RECORD OF EMPLOYEES' 2003 SALARIES AND BENEFITS

Year ended December 31, 2003

(Employees paid $100,000 or more)

Surname	Given Name	Position	Salary Paid	Taxable Benefits
LOCKWOOD	JAMES	Superintendent	124,235.32	674.96
LOWRY	SHAWN	Constable	106,589.78	401.24
MADILL	PATRICIA	Regional Clerk	107,880.97	675.73
MARCOUX	STEPHEN	Sergeant	114,368.94	451.00
MCALPINE	J KEVIN	Chief of Police	186,494.10	995.32
MCCORKELL	JOHN	Commissioner of Works	109,377.34	623.38
MCKECHNIE	GORDON	Staff Sergeant	102,680.60	466.56
MCMULLAN	DANIEL	Duty Inspector	107,597.48	585.79
MERCIER	CHARLES	Deputy Chief	149,561.25	734.05
MILLS	GREGORY	Superintendent	124,355.32	674.96
MORRISON	JOHN	Inspector	110,170.11	590.98
MURRAY	JUDITH	Assistant Director - Public Health	109,972.18	579.05
NESBITT	JEAN	Dir, Public Health Nursing and Nutrition	126,006.33	642.29
OLIVE	PATRICK	Commissioner of Eco Dev and Tourism	136,193.58	852.25
PAPARELLA	GAETANO	Constable	103,514.44	401.24
PINKOWSKI	CURTIS	Constable	105,760.40	401.24
PIUKKALA	ROD	Deputy Chief	151,181.24	734.05
RETI	ELIZABETH	Constable	103,137.75	401.24
REYNOLDS	DONNA	Associate Medical Officer of Health	138,355.94	864.70
RICHARDS	PAUL	Dir, Budgets, Eco Studies and Risk Mgt	116,207.44	642.29
ROBERTSON	DAVID	Detective Constable	108,870.12	451.00
ROSS	PHILIP	Constable	107,834.23	401.24
ROSS	CRAIG	Paramedic 1	102,947.64	236.39
ROY	BRIAN	Regional Solicitor	136,193.58	852.25
RYCROFT	JOHN	Manager - Financial Services	116,685.93	631.41
SALIBA	DAVID	Sergeant	104,847.81	451.00
SCHOENROCK	DIETMAR	Duty Inspector	108,424.27	590.98
STONE	MARK	Constable	115,421.15	451.00
TEMPLE	WILLIAM	Inspector	110,170.11	590.98
THOMPSON	KENNETH	Director of Environmental Services	114,035.98	713.06
TUEPAH	DAVID	Constable	115,773.42	401.24
VALKS	ALBERT	Sergeant	105,442.15	451.00
VAN STEEN	SHIRLEY	Director, Housing Services	102,686.90	642.29
VANSETERS	JOHN	Detective	109,718.33	451.00
WARD	JEFF	Constable	109,320.27	451.00
WASMUND	SHANE	Detective Sergeant	101,050.05	466.56
WHITEWAY	SHERRY	Inspector	110,050.09	590.98
WILSON	DAVID	Inspector	109,814.27	590.98
WINTER	DAVID	Manager - Fleet Services	101,044.76	541.21
WOOLLEY	ANDREW	Constable	104,212.87	401.24
WOOTTON	IAN	Superintendent	124,295.32	674.96
WYATT	ANDRE	Constable	100,628.83	447.12

Prepared under the *Public Sector Salary Disclosure Act, 1996*



Finance Department
The Regional Municipality of Durham
60 Bond Street West
Oshawa, ON L1H 8B6

Tel.: 905-571-3311
Toll Free: 1-800-372-1102
Fax.: 905-571-7460
www.region.durham.on.ca